Office of the Auditor General of Canada

2008–09 Estimates

Performance Report

Approved

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Table of Contents

Message from the Auditor General of Canada 1

Performance summary 3

Section I—Overview 5

- Who we are 5
- What we do 5
- Strategic outcome and performance summary 8

Section II—Reporting on Results 11

- Our priorities for 2008–09 11
- Our performance indicators and measures 14
- Performance highlights by product line 18
- Organizational performance 33
- Financial performance 37

Section III—Supplementary Information 41

- List of supplementary information tables 41
- Financial tables 42
- Financial statements 44
- Report on staffing 57
- List of completed performance audits 60
- List of completed special examinations 61

Message from the Auditor General of Canada

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Sheila Fraser, Auditor General of Canada

I am pleased to present the Office's 2008–09 Performance Report. A summary of our performance for the year follows this message.

In Canada, the government and the public service are the guardians of public funds entrusted to them. The Office of the Auditor General is the federal government's—and the three territories'—legislative audit office. As such, it conducts independent audits and studies that provide parliamentarians with objective information they can rely on to scrutinize government activities and spending.

We conduct about 150 financial and performance audits and special examinations every year. The reports we give to Parliament describe areas of government that need attention and point out good practices. Our audits also point to the causes of problems, and we make recommendations for improvement.

We survey the key users of our audit reports: parliamentarians, on the value and impact of our performance audits; board chairs of Crown corporations, on the value of our special examinations; and audit committee chairs, on the value of our financial audits. We are pleased to see that, again this year, the key users of our reports and the organizations we audit were very satisfied with our work and the value it added.

Departments are reporting that they have fully implemented 63 percent of the performance audit recommendations we made in 2004–05. This is a significant increase from two years ago. The follow-up audits we conducted found that satisfactory progress was made in five of the seven areas we examined.

In last year's Performance Report and this year's Report on Plans and Priorities, we talked about discussions with the Treasury Board of Canada Secretariat to further strengthen the independence of Officers of Parliament. I am pleased to report that good progress has been made. Several sections of 10 Treasury Board policies have been amended to recognize the independence of Officers of Parliament. However, our concerns about the application of the government's Communications Policy and the Federal Identity Program Policy have not yet been addressed.

One of our three priorities for 2008–09 was to integrate changes to our professional standards, a move we initiated the previous year in light of Canada's adoption of international standards for auditing in 2010 and accounting in 2011. This year, we formed a strategic alliance with a major accounting firm to support our implementation of the new standards.

During the year, we engaged a major accounting firm to assess our Quality Management System (QMS). This assessment identified a number of areas for improvement. As well, our own practice reviews pointed to a lack of rigour in the application of our QMS. While we believe that our products are of high quality, we are not satisfied with these results. Consequently, the QMS and related methodology and training are a priority for the coming year.

We have developed detailed action plans that have been reviewed by our independent audit committee and approved by the Office's Executive Committee. These two committees will carefully monitor

implementation of the action plans. As a result of the actions we are taking, we expect to see some improvements next year and further improvements the following year.

Last year, we indicated that we were not satisfied with our performance in completing individual audits on budget. This year, we have improved, especially in the case of performance audits. Our results for financial audits of Crown corporations and other federal entities with statutory deadlines continue to be significantly below target, but the results of recent audits show improvement and we expect to meet our target in 2009–10.

Our accomplishments would not be possible without our competent and professional staff. I wish to thank them for their continued dedication to the Office and to the Parliament we serve.

I trust you will find that this performance report presents an open and balanced picture of our activities and impacts in 2008–09.

Sheila Fraser, FCA
Auditor General of Canada

2 September 2009

Performance summary

Highlights

We completed 148 financial and performance audits, special examinations, and other reports during the 2008–09 fiscal year.

We delivered 83 percent of the audits due this year on time.

Parliamentary committees reviewed 57 percent of our 2008–09 performance audit reports. We participated in 35 hearings and briefings with parliamentary committees over the 99 parliamentary sitting days, a number consistent with the average from previous years.

At least three quarters of audit committee chairs indicated they "agree" or "strongly agree" in response to all five statements used to measure value added for our financial audits. Seven of the eight board chairs indicated they "agree" or "strongly agree" in response to all four statements used to measure value added for our special examinations. No survey of parliamentarians was conducted for our performance audits this year.

Responses from senior managers of the organizations we audited were consistent with our targets for measuring if our audits add value for them.

In 2008–09, departments reported that they had fully implemented 63 percent of the performance audit recommendations in reports tabled four years ago and had substantially implemented 27 percent. Our follow-up audits concluded that for the seven topics we examined, there was satisfactory progress in five.

We have fulfilled all of the commitments in our own Sustainable Development Strategy and met all the targets we established.

For the second year in a row, the Office was recognized as one of Canada's Top 100 Employers and one of Canada's Top 20 Family-Friendly Employers.

To assemble a workforce that represents the Canadian population, the Office has met its target for levels of representation relative to the community for three of the four designated groups.

Areas for improvement

Although our on-budget results for financial audits of Crown corporations and other federal entities continue to be below target in 2008–09, the results of our recent audits are promising, and we expect to meet our target in 2009–10.

We completed internal practice reviews of 22 audits in 2008–09. The practice reviews identified a number of instances where improvements should be made to our Quality Management System and where that system was not applied consistently and rigorously. The Office is not satisfied with these results, and we are taking steps to address them.

In monitoring government responses to our work, we note the following:

- In 2008–09, we issued 108 financial audit opinions containing eight reservations; only one of the nine reservations contained in our 2007–08 financial audit opinions was addressed.
- Ministers delivered 83 percent of responses to public petitions on environmental matters during the year within the 120-day time limit specified in the *Auditor General Act*, compared with 84 percent last year.

Section I—Overview

Who we are

The Office of the Auditor General of Canada is the federal government's legislative audit office. We are also the legislative auditor of the three territories. We conduct independent audits and studies that provide objective information, advice, and assurance to Parliament, territorial legislatures, government, and Canadians. With our reports and testimony at parliamentary hearings, we assist Parliament in its work on the authorization and oversight of government spending and operations.

What we do

The Auditor General is an Officer of Parliament, who is independent from the government and reports directly to Parliament. Her duties are set out in the *Auditor General Act*, the *Financial Administration Act*, and other acts and orders-in-council. These duties relate to legislative auditing and, in certain cases, to monitoring of federal departments and agencies, Crown corporations, territorial governments, and other entities.

The Office of the Auditor General's main legislative auditing duties are

- performance audits,
- financial audits,
- special examinations,
- sustainable development monitoring activities and environmental petitions, and
- assessments of agency annual performance reports.

Performance audits

Performance audits examine, against established criteria, whether government programs are being managed with due regard for economy, efficiency, and environmental impact, and whether measures are in place to measure and report their effectiveness. Our reports contain recommendations for addressing the most serious deficiencies identified.

The *Auditor General Act* gives the Office the discretion to determine what areas of government it will examine in its performance audits. We may decide to audit a single government program or activity, an area of responsibility that involves several departments or agencies, or an issue that affects many departments and agencies. We consider requests for audits that we receive from parliamentary committees. However, the final decision about what to audit is made by the Auditor General.

Financial audits

Our financial audits provide assurance that financial statements are presented fairly in accordance with Canadian generally accepted accounting principles or, in a few cases, with other relevant standards. Where required, we provide assurance that the organizations we audit comply, in all significant respects, with legislative authorities that are relevant to a financial audit. We conduct financial audits

of federal and territorial Crown corporations and of other organizations. We also audit the summary financial statements of the Government of Canada and each of the three territories (Nunavut, the Yukon, and the Northwest Territories).

If issues or opportunities for improvement in areas such as financial reporting and internal controls come to our attention during our financial audit work, we make recommendations to management. We also provide information and advice to support audit committees in meeting their responsibilities for oversight of financial reporting and internal control.

Special examinations

Our special examinations assess Crown corporations' financial and management controls, information systems, and management practices. A special examination provides an opinion to the board of directors of the corporation on whether there is reasonable assurance that there are no significant deficiencies in the corporation's systems and practices. In addition to reporting on significant deficiencies, our special examinations highlight systems and practices that contribute to success and provide information and recommendations to boards of directors about opportunities for improvement.

The *Financial Administration Act* (FAA) requires that all parent Crown corporations be subject to a special examination by the Office, except for the Bank of Canada, which is exempted from this requirement, and the Canada Pension Plan Investment Board, which, under its Act, is subject to a special examination by an auditor chosen by the board of directors. Until recently, Crown corporations were required to undergo special examinations at least once every five years. Over the past few years, we have been suggesting an increase in the number of years between special examinations. In early 2009, the *Budget Implementation Act* changed the reporting cycle in the FAA to at least once every 10 years.

Legislation states that we should bring the information in our reports to the attention of the appropriate ministers and Parliament, when we deem it necessary. For example, we do this when we find certain types of significant deficiencies, such as those related to mandate or governance issues that only the federal government can address, or problems that have previously been reported but continue to occur. We also report issues to the appropriate minister involving specific risks that, in our opinion, the minister needs to be aware of. A second recent change in the FAA requires that the board of directors submit special examination reports to the appropriate minister and the President of the Treasury Board within 30 days after it receives them. The board of directors is also now required to make the report available to the public within 60 days of receiving it.

Sustainable development monitoring and environmental petitions

The Commissioner of the Environment and Sustainable Development assists the Auditor General in performing her duties related to the environment and sustainable development. The Commissioner conducts performance audits to monitor the government's management of environmental and sustainable development issues and, on behalf of the Auditor General, reports to Parliament on issues that should be brought to its attention. Under the *Kyoto Protocol Implementation Act*, the Commissioner is required to provide Parliament with a biennial report. With passage of the *Federal Sustainable Development Act* in June 2008, the Commissioner was given three responsibilities related to the federal government's sustainable development strategy (Exhibit 1).

The Commissioner also administers the environmental petitions process. He monitors responses to environmental petitions, and reports annually to Parliament on petitions activities from the previous year, including instances where ministers' responses to petitions were not provided within the 120-day time limit specified in legislation.

Exhibit 1—New responsibilities of the Commissioner of the Environment and Sustainable Development

Under the *Kyoto Protocol Implementation Act* [C-288], the Commissioner is required to provide Parliament with a biennial report (every two years) that includes the following:

- an analysis of Canada's progress in implementing its climate change plans;
- an analysis of Canada's progress in meeting its obligations under Article 3, paragraph 1, of the Kyoto Protocol; and
- any observations and recommendations on any matter that the Commissioner considers relevant.

The Commissioner's first biennial report on the *Kyoto Protocol Implementation Act* was tabled in Parliament as Chapter 2 of the 2009 Spring Report of the Commissioner of the Environment and Sustainable Development.

With passage of the *Federal Sustainable Development Act* [C-474] in June 2008, the Commissioner has three specific responsibilities:

- First, the Commissioner must review a draft of the federal government's sustainable development strategy and comment on whether the targets and implementation strategies can be assessed. The first federal strategy must be tabled in the House of Commons no later than June 2010, and another must be tabled every three years thereafter.
- Second, beginning in 2011, the Commissioner must report annually to the House of Commons on the extent to which departments subject to the *Federal Sustainable Development Act* have contributed to meeting the targets set out in the federal strategy and have met the objectives and implemented the plans set out in their own sustainable development strategies.
- Third, the Commissioner must assess the fairness of the information contained in the government's progress report on implementing its strategy. The government's first progress report is due in June 2011, and a report is required every three years thereafter.

Assessments of agency annual performance reports

The legislation governing Parks Canada, the Canadian Food Inspection Agency, and the Canada Revenue Agency requires the Auditor General to undertake an assessment of the fairness and reliability of the performance information reported in their annual reports against corporate objectives they provided to Parliament.

Professional practices

In addition to our main legislative auditing duties, the Office works with other legislative audit offices and professional associations, such as The Canadian Institute of Chartered Accountants, to advance legislative auditing methodology, accounting and auditing standards, and best practices. Our international activities, details of which are presented later in this section, include participation in organizations and events that have an impact on our work as legislative auditors. We regularly participate in external peer reviews of other national legislative audit offices and are the subject of external reviews.

Strategic outcome and performance summary

The long-term strategic outcome of the Office of the Auditor General is to contribute to better-managed government programs and better accountability to Parliament through our legislative auditing.

We have identified a number of results that we expect to achieve with our audits in the short, medium, and long terms. In the short term, we want to engage Parliament and federal and territorial organizations in the audit process, ensure that Parliament is well informed about our work, and maintain support for our role and work. In the medium term, we want to assist Parliament in holding the government to account; make our work relevant to federal and territorial organizations, departments, agencies, and Crown corporations; and ensure that the public is well informed about our work. In the long term, we want our work to lead to more effective, efficient, and economical government programs and operations, and programs that foster sustainable development (Exhibit 2).

Exhibit 2—Performance summary

Strategic Outcome: We contribute to a well-managed and accountable government for Canadians.		
Expected results • Parliament is well-informed • Parliament and federal and territorial organizations are engaged in the audit process • Parliament holds government to account • Our work is relevant to federal and territorial organizations, departments, agencies, and Crown corporations • The media and public are well-informed • Support for our role and work is maintained		**2008–09 Performance** We completed 32 performance audits, 108 financial audits, and 8 special examinations.
Objectives	**Indicators and targets**	
Key users of our reports are engaged in the audit process	Maintain percent of audits that are reviewed by parliamentary committees Maintain number of parliamentary hearings and briefings we participate in, relative to the number of sitting days	Maintained percent of audits reviewed and number of hearings we participated in
Our work adds value for the key users of our reports	Maintain or increase percent of users who find our audits add value	Targets exceeded
Our work adds value for the organizations we audit	Maintain or increase percent of senior managers who find our audits add value	Targets exceeded
Key users of our reports and the organizations we audit respond to our findings	Maintain or increase percent of recommendations that are implemented or reservations/deficiencies that are addressed	Targets exceeded for performance audits, but not met for financial audits

Exhibit 2—Performance summary (continued)

Legislative auditing activity[1]	2007–08 Actual spending ($ millions)	2008–09 Forecast spending[2] ($ millions)	2008–09 Actual spending ($ millions)
Performance audits and studies of departments and agencies	39.5	45.2	43.7
Financial audits of Crown corporations, territorial governments, and other organizations, and of the summary financial statements of the Government of Canada	34.8	35.2	38.3
Special examinations of Crown corporations	6.8	8.6	7.8
Sustainable development monitoring activities and environmental petitions	3.2	1.4	2.0
Assessments of agency performance reports	1.0	0.7	0.4
Professional practices	7.8	8.5	8.8
Total cost of operations[3]	93.1	99.6	101.0
Less: Non-respendable revenue[4]	(0.4)	(0.8)	(0.9)
Net cost of operations[3]	92.7	98.8	100.1

[1] We have allocated the cost of audit services to each legislative auditing activity.

[2] Forecast spending is as reported in the 2009–10 Report on Plans and Priorities.

[3] As reported in the financial statements (see page 44).

[4] The Office recovered the cost for the audits of the International Civil Aviation Organization and of the International Labour Organization (starting in 2008–09). These funds are not used by the Office but are returned to the Consolidated Revenue Fund as non-respendable revenue.

Section II—Reporting on Results

Our priorities for 2008–09

The Office identified three strategic objectives when setting out the planning priorities for 2008–09: integrating changes to professional standards, sustaining our capacity, and building constructive entity relations.

Integrating changes to professional standards

Decisions made by the standard-setting boards of The Canadian Institute of Chartered Accountants, to adopt International Standards on Auditing in 2010 and International Financial Reporting Standards in 2011, will lead to significant changes in auditing and accounting in Canada.

In 2008–09, we formed a strategic alliance with a major accounting firm to assist us in implementing the new standards. This alliance will help us achieve efficiencies in methodology, training, and the development and implementation of professional standards. We also continued with the expanded training of our staff and our efforts to raise awareness in the organizations we audit.

In addition, we created a National Professional Practices Group within our Office. Under the terms of a memorandum of understanding with provincial auditors general, we provide technical accounting and auditing advisory services, practice advisories, and financial audit methodology and training support to their offices. Parliament has provided us with re-spending authority for the amounts to be recovered from our provincial counterparts as part of the Supplementary "A" Estimates in 2009. By creating this group, we and our provincial colleagues will be able to more effectively implement professional standards.

Sustaining our capacity

Throughout the Public Service of Canada, shifting demographics and an aging workforce are making recruiting and retaining employees ever more difficult. The loss of corporate memory due to retirements places significant pressure on organizations to ensure that effective programs for knowledge transfer are in place. These challenges are exacerbated for the Office of the Auditor General because professional auditing skills are in high demand and short supply.

In September 2006, the Office developed a recruitment and retention strategy covering the period 2006–07 to 2008–09. The Office dedicated resources to ensure that effective recruitment and retention plans were in place as a means of attracting and retaining qualified employees. We worked to address compensation issues, and increased access to a variety of challenging opportunities for staff. We made the orientation and integration of new staff a priority for our Office. We also began to focus on knowledge transfer by further integrating support from senior staff into the regular development of audit professionals, and on the renewal, rebuilding, and reinforcement of specialist capacity.

In 2008–09, we continued our entry level recruitment efforts and expanded our student program, to better meet our current needs and to build for the future. We expanded our methodology teams and continued work on the enhancement of our training programs. We began work to improve coordination between our methodology activities and training initiatives to ensure that our methodology is clearly reflected in the way we conduct our audits.

For the second year in a row, the Office was recognized as one of Canada's Top 100 Employers and one of Canada's Top 20 Family-Friendly Employers. Our 2008 staff survey showed that 88 percent of our staff believe that the Office is an above-average place to work or one of the best places to work. Our employee retention rate increased slightly to 88 percent.

Building constructive entity relations

We understand the critical importance of building and maintaining an effective relationship between our Office and the organizations that we audit. Questions often arise about what the entities that we audit can expect from us and what we expect from them. In order to provide answers to these questions, in mid-2008 we produced a document What to Expect: An Auditee's Guide to the Performance Audit Process. This document outlines

- our objectives,
- the principles governing interactions between auditors and auditees, and
- administrative information.

We believe that this information provides a valuable reference that will encourage productive and respectful relations between audited organizations and Office audit staff.

In addition, we began a concerted effort to ensure that consistent practices are used throughout the audit process across all areas of our Office. Also, the Office regularly carries out surveys involving the organizations we audit. The results are one of a number of sources of information that help the Office analyze its performance and plan for any necessary correction or improvements.

Meeting other challenges in 2008–09

In addition to the three strategic objectives identified, there were further challenges that we worked to address in 2008–09.

Preserving the independence of Officers of Parliament. When government central agencies issue management and other policies, they currently apply to Officers of Parliament in the same way that they apply to government departments and agencies. Certain provisions of these policies do not recognize the independence of Officers of Parliament and the management autonomy needed to protect their independence. In 2008–09, we continued to work with the government to resolve this matter. There were fruitful discussions with Treasury Board of Canada Secretariat officials over the past year on this subject. The application of several sections of 10 Treasury Board policies to the Officers of Parliament has been amended to reflect their independence. However our concerns about application of the government's Communication Policy and the Federal Identity Program Policy have not yet been addressed.

Serving Parliament. One of the most important factors determining whether or not the Office is successfully fulfilling its mission is the degree to which our reports, and specifically our recommendations, are seen by Parliament and the government as offering objective assurance, information, and guidance for corrective action.

Parliamentary committee hearings encourage the departments and agencies to implement our recommendations. Following a hearing, a committee may report and make recommendations to the

government. Departments and agencies are expected to report back to the committee on what they have done in response to these recommendations.

Beginning in 2009–10, the Office will decrease the number of performance audits we conduct—from 30 to about 25 per year—for the 2009–10 and 2010–11 fiscal years. In addition, we will table our reports twice a year—once in the spring and once in the fall—rather than three times a year. We believe this will give Parliament more time between reports to hold hearings, while still providing members of Parliament with the information they require for holding government to account for its use of public funds.

As part of our continuing effort to serve Parliament, our primary client, in the most effective manner, we continually seek Parliament's feedback on the products and services we provide. In June 2008, we conducted the second survey of selected parliamentarians, and the results were reported in the 2007–08 Performance Report. We also monitor the number of parliamentary hearings and briefings that we participate in and the percentage of performance audits reviewed by parliamentary committees.

In 2007–08, the Office set up an independent panel, called the Green Ribbon Panel, to undertake a review of our environment and sustainable development practice. This practice's mandate was defined by Parliament when it amended the *Auditor General Act* to create the position of Commissioner of the Environment and Sustainable Development in 1995. The Green Ribbon Panel looked for, and recommended, opportunities to strengthen implementation of this mandate in such a way as to best serve Parliament. In 2008–09, the Office appointed a new Commissioner of the Environment and Sustainable Development and began to address the recommendations of the Green Ribbon Panel.

Improving resource allocation and project management. In 2008–09, we continued reporting externally on our on-budget performance, and we recognized it as an area where progress had been made but there was still room for improvement. Our 2008 employee survey identified a matter we believe is related—improving our allocation of staff to audit projects.

In 2008–09, we undertook a number of initiatives to improve our overall project management, including better planning, budgeting, and resource allocation. During the year, we undertook a study of how budgets for individual projects are established and monitored across all product lines in order to identify best practices and challenges. Using this information, we are currently developing a comprehensive action plan to improve on-budget performance. The Audit Resource Planning and Career Management team continues to facilitate allocation of staff to projects.

Our international contribution

Our international strategy guides our international activities as well as positioning the Office to meet future opportunities and challenges.

International accounting and auditing. The Office contributes to development of standards, particularly as they relate to the public sector. To that end, the Auditor General became a member of the International Public Sector Accounting Standards Board of the International Federation of Accountants in January 2008.

In addition, employees of the Office participate in various committees of the International Organization of Supreme Audit Institutions (INTOSAI), including the Subcommittee on Financial Audit Guidelines, the Subcommittee on Performance Audit, the Ad hoc Group on Transparency and

Accountability, the Working Group on Information Technology Audit, the Working Group on Environmental Auditing, the Working Group on Value and Benefits of Supreme Audit Institutions, and the Task Force on the Global Financial Crisis.

Employees of the Office also participate in various task forces of the International Auditing and Assurance Standards Board to revise and develop International Standards on Auditing. This expert participation helps to build public sector considerations into these international standards.

The International Legislative Audit Office Assistance Program for Improved Governance and Accountability of the CCAF-FCVI Inc. was established in 1980 to strengthen performance auditing in national audit offices. Funded by the Canadian International Development Agency, the program brings auditors from other national audit offices to Canada for 10 months of training in performance auditing, accountability, and governance. Training is provided by our Office and that of the Vérificateur général du Québec and the Office of the Auditor General of Alberta. Since 1980, the program has trained more than 198 fellows from 53 developing countries.

In partnership with the Canadian International Development Agency and two executing agencies—the Université du Québec en Outaouais and the Canada School of Public Service— we are actively involved in helping to build capacity in audit institutions located in French sub-Saharan Africa.

The Office has recently completed its audit mandate of the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the International Civil Aviation Organization. In 2007, the Office was selected as the external auditor of the International Labour Organization, effective in 2008.

We actively participate in peer reviews of other supreme audit institutions. In 2008–09, we led the peer reviews of the United States General Accountability Office (GAO) and the European Court of Auditors.

Our performance indicators and measures

The Office has established a set of core indicators of impact and measures of organizational performance to help inform management decision making.

Our indicators of impact (Exhibit 3) help us to assess the extent to which

- key users of our reports are engaged in the audit process,
- our work adds value for the key users of our reports,
- our work adds value for the organizations we audit, and
- key users of our reports and the organizations we audit respond to our findings.

Our measures of organizational performance (Exhibit 4) help us monitor the extent to which

- our work is delivered on time and on budget,
- our audit reports are reliable, and
- we provide a respectful workplace.

This year we reviewed our targets and how we set them and are making changes to some of the targets presented in our 2009–10 Report on Plans and Priorities. These changes are summarized in the table on page 15.

We begin our performance target-setting process by identifying any established standards, such as legislative authorities. For example, many of our financial audits have statutory reporting deadlines and, for these audits, our on-time target is 100 percent. Where no such standards exist, we look to identify reasonable expectations and then consider the trend of past performance. For example, while we might expect that all audits would be completed within 150 days of the year end to be timely and useful, our experience has been that about 80 percent are completed within this time period. We believe our revised 2009–10 target of 80 percent represents a reasonable performance target and that any significant movement away from this target would alert us to a potential problem.

Finally, where there is no objective standard, we set targets that we believe are realistic and attainable while holding ourselves to a high level of performance. For example, while we believe it is not realistic for all users of our reports to find that we always add value on all dimensions that we monitor, we believe that a realistic and high standard is that 9 out of 10 users of our reports would feel this way, and we have therefore set a target of 90 percent for 2009–10 for all users of our reports. In the case of the indicator of adding value for the organizations we audit, which are not our primary clients, our targets are slightly lower. We have also adjusted this target, based on past results, to 80 percent for senior managers subject to our financial audits and special examinations and to 70 percent for senior managers subject to our performance audits. We believe that these targets reflect a very positive level of performance and any significantly different result would warrant our attention.

Revised performance targets for 2009–10

Objectives and indicators	2009–10 Original Target	2009–10 Revised Target
Percentage of audit committee chairs who find our financial audits add value	75	90
Percentage of Crown corporation and large-department senior managers who find our financial audits and special examinations add value	75	80
Percentage of department senior managers who find our performance audits add value	65	70
Percentage of financial audits of federal organizations with no statutory deadlines completed on time	70	80
Percentage of financial audits of territorial organizations completed on time	55	60
Percentage of financial audits of territorial organizations completed on budget	55	60

Exhibit 3—Summary of our indicators of impact

Objectives and indicators	2007–08 Actual	2008–09 Actual	2008–09 Target
Our work adds value for the key users of our reports			
Percentage of parliamentary committee members who find our performance audits add value	97	n/a[1]	90
Percentage of audit committee chairs who find our financial audits add value	87	85	75
Percentage of board chairs who find our special examinations add value	75	97	90
Our work adds value for the organizations we audit			
Percentage of departmental senior managers who find our performance audits add value	55	75	65
Percentage of Crown corporation and large-department senior managers who find our financial audits add value	83	83	75
Percentage of Crown corporation chief executive officers who find our special examinations add value	96	84	75
Key users of our reports are engaged in the audit process			
Number of parliamentary hearings and briefings we participate in	33	35	maintain or increase[2]
Percentage of performance audits reviewed by parliamentary committees	56	57	maintain or increase[2]
Key users of our reports and the organizations we audit respond to our findings			
Percentage of performance audit recommendations substantially implemented four years after their publication[3]	29[3]	27[3]	25[3]
Percentage of performance audit recommendations fully implemented four years after their publication[3]	55[3]	63[3]	50[3]
Percentage of performance audit recommendations substantially or fully implemented four years after their publication[3]	84[3]	90[3]	75[3]
Percentage of reservations that are addressed from one financial audit to the next	57[4]	11[5]	100
Percentage of significant deficiencies that are addressed from one special examination to the next	50	n/a[6]	100

[1] The survey of parliamentarians was not carried out in 2008–09.

[2] There is no numeric target for these indicators as they depend on the number of sitting days and other factors beyond our control. Instead the target is to maintain the percentage of parliamentary hearings and briefings we participate in, relative to the number of sitting days, and to maintain the percentage of audits reviewed by parliamentary committees.

[3] Beginning in 2009–10 the indicator will be reported as a combined total only (substantially and fully implemented).

[4] The result for 2007–08 is restated because compliance-with-authorities reservations and "other matters", as well as accounting and financial auditing reservations, are now included in the calculation of the indicator.

[5] We issued 108 financial audit opinions, which contained eight reservations. There had been nine reservations in 2007–08, of which only one was addressed. See page 29 for details.

[6] For all eight special examinations completed in 2008–09, there were either no significant deficiencies in the previous special examination, or there was no previous special examination because the Crown corporation was new.

Exhibit 4—Summary of our organizational performance

Objectives and indicators	2007–08 Actual	2008–09 Actual	2008–09 Target
Our work is completed on time and on budget			
On time			
Percentage of performance audit reports completed by the planned tabling date as published in the Report on Plans and Priorities	90	97	90
Percentage of financial audits completed on time[1]			
• federal Crown corporations with statutory deadlines	100	91	100
• other federal organizations with statutory deadlines	94	95	100
• federal organizations with no statutory deadlines	81	84	70
• territorial organizations	59	48	55
Percentage of special examination reports delivered on or before the statutory deadline	75	75 (6 of 8)	100
On budget			
Percentage of audits completed on budget[2]			
• Performance audits	48	90	70
• Financial audits—federal Crown corporations	54	53	70
• Financial audits—other federal organizations with statutory deadlines	50	47	70
• Financial audits—federal organizations without a statutory deadline	47	76	70
• Financial audits—territorial organizations	28	65	55
• Special examinations	25	75 (6 of 8)	70
Our audit reports are reliable			
Percentage of internal practice reviews that find the opinions and conclusions expressed in our audit reports are appropriate and supported by the evidence[3]	n/a	95 (21 of 22)	100
We provide a respectful workplace			
Percentage of employees who believe the Office is either an above-average place to work or one of the best places to work	88[4]	n/a[4]	80
Percentage of management who meet our language requirements			
• assistant auditors general and principals	83	85	100
• directors in bilingual regions	75	76	75
Percentage representation relative to workforce availability for			
• women	131	118	100
• people with disabilities	114	119	100
• Aboriginal peoples	140	97	100

Exhibit 4—Summary of our organizational performance (continued)

Objectives and indicators	2007–08 Actual	2008–09 Actual	2008–09 Target
• members of visible minorities	83	74	100
Percentage retention of audit professionals	86	88	90

[1] "On time" for financial audits means the statutory deadline where one exists (usually 90 days after year end), or 150 days after the year end where no statutory deadline exists.

[2] "On budget" means that the actual hours to complete an audit did not exceed the budgeted hours by more than 15 percent.

[3] This indicator replaces "the percentage of internal practice reviews that find our audit in compliance with our quality management system."

[4] The employee survey results shown were received in June 2008 and were reported in the 2007–08 Performance Report. We conduct employee surveys every two years.

Performance highlights by product line

We measure our impact and performance for our three major activities:

- Performance audits and studies of departments and agencies
- Financial audits of Crown corporations, territorial governments, and other organizations
- Special examinations of Crown corporations

The following sections present the results for 2008–09 for each of these activities.

Performance audits and studies of departments and agencies

Performance audits and studies answer the following questions:

- Are federal government programs well managed?
- Have they been run with due regard to economy, efficiency, and their environmental effects?
- Does the government have the means to measure their effectiveness where it is reasonable and appropriate to do so?

In 2008–09, we completed 32 performance audits. A list of these audits is in Section III—Supplementary Information.

We also completed five multi-year audit plans in 2008–09. This is a risk-based approach to audit planning that involves the development of a multi-year audit plan for each significant federal government organization subject to audit. It involves discussions with key senior managers and a review of key documents of those organizations.

Exhibit 5 summarizes our results for performance audits and studies for 2008–09.

Exhibit 5—Results for performance audits and studies

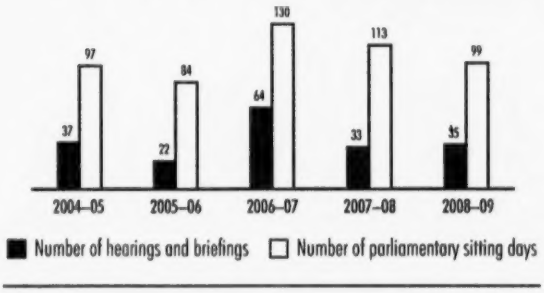
Expected results • Parliament and federal and territorial organizations are engaged in the audit process • Parliament holds government to account • Our work is relevant to federal and territorial organizations, departments, agencies, and Crown corporations		**Actual results** We provided Parliament with 32 performance audits, a number consistent with recent years. The Standing Committee on Public Accounts reported that "it finds great value in the Office's work."	
Objectives	**Indicators and targets**	**Performance summary**	**Performance status**
Key users of our reports are engaged in the audit process	Maintain percentage of performance audits that are reviewed by parliamentary committees Maintain number of parliamentary hearings and briefings we participate in	Parliamentary committees reviewed 57 percent of our performance audit reports—a slight increase from the previous year. We participated in 35 committee hearings and briefings over the 99 parliamentary sitting days. This is higher than last year and is consistent with the average in previous years.	Exceeded
Our work adds value for the key users of our reports	90 percent of selected parliamentary committee members find our performance audits add value	Our reports are considered to be valuable and no need to make significant improvements has been identified in past surveys. No survey was done in 2008–09.	n/a
Our work adds value for the organizations we audit	65 percent of departmental senior managers find our performance audits add value	75 percent of departmental senior managers found our performance audits add value.	Exceeded
Key users of our reports and the organizations we audit respond to our findings	50 percent of performance audit recommendations are fully implemented and 25 percent are substantially implemented four years after their publication	Departments reported that they had fully implemented 63 percent of the performance audit recommendations made in the reports we tabled four years ago, and substantially implemented a further 27 percent.	Exceeded

Key users of our reports are engaged in the audit process. While many parliamentary committees draw on our work, the Office's main relationship is with the Standing Committee on Public Accounts. Our appearances before committees assist parliamentarians in fulfilling their oversight role and give us the opportunity to increase awareness and understanding of the issues in our reports.

It is important that the key users of our reports be engaged in the audit process, understand the nature and objectives of our work, and understand our reports and follow up on issues presented in them. For performance audits, we monitor the level of involvement of parliamentary committees by tracking the number of audits reviewed by committees. We also assess the committees' level of interest in our reported findings by looking at how frequently they ask us to appear before them to further elaborate on our findings.

In 2008–09, we participated in 35 hearings and briefings with parliamentary committees over the 99 parliamentary sitting days: 22 with the Public Accounts Committee and 13 with other committees (Exhibit 6). This number is higher than the previous year but is consistent with the average from previous years. Parliamentary committees reviewed 57 percent of our 2008–09 performance audit reports, slightly more than last year. Our target is to maintain the percentage of parliamentary hearings and briefings we participate in, relative to the number of sitting days, and to maintain the percentage of audits reviewed by parliamentary committees.

Exhibit 6 – We participate in parliamentary hearings and briefings



Committee hearings covered a wide range of topics and audit reports, including the following to name a few: Canadian Agricultural Income Stabilization Program of Agriculture and Agri-Food Canada, managing the delivery of legal services to government by the Department of Justice Canada, First Nations Child and Family Services Program of Indian and Northern Affairs Canada, safeguarding government information and assets in contracting, federal transfers to provinces and territories, and detentions and removals of individuals by the Canada Border Services Agency.

The Commissioner of the Environment and Sustainable Development usually appears before both the House of Commons Standing Committee on Environment and Sustainable Development and the Senate Standing Committee on Energy, the Environment and Natural Resources. Other committees will also call upon the Commissioner if they are studying matters audited by the Commissioner. This year, he also participated in a hearing on Bill C-474, an Act to require the development and implementation of a federal sustainable development strategy. Although it is not our common practice to comment on proposed legislation, we agreed to testify since the Bill touched upon our Office's mandate.

The Federal Sustainable Development Act received royal assent in June 2008 and included a number of requirements that were recommended in previous audit reports of the Commissioner of the Environment and Sustainable Development on the sustainable development strategies of departments and agencies.

Parliament considers the issues raised in our reports. We monitor how our performance audits help Parliament hold the government to account by identifying examples of how Parliament considers issues of accountability, performance, compliance with authorities, and the environment and sustainable development in its legislative and oversight work.

The following three examples illustrate how our 2008–09 work has contributed to the legislative and oversight work of Parliament.

A Study of Federal Transfers to Provinces and Territories (December 2008, Chapter 1)

Introduction

At times, the Office of the Auditor General undertakes a study of a topic of interest to parliamentarians. These studies serve to inform parliamentarians of significant issues.

Background

The federal government transfers of funds to provinces and territories make up a significant portion of the federal government's annual spending. In 2006–07, the federal government transfers to provinces and territories amounted to about $50 billion or just less than 23 percent of federal spending. They are a major source of funds for services to Canadians, such as health and post-secondary education. In the past, parliamentarians had asked a number of questions regarding these transfers and their accountability arrangements.

The study found that the extent of federal accountability for how the provinces and territories spend transferred funds depends on the nature and extent of conditions attached to the transfers. For example, a significant addition to the transfer mechanisms used by the federal government was its introduction of trusts in 1999. Once the eligibility conditions for these trusts have been met, no additional legal conditions obligate the provinces and territories to spend the funds for the purposes announced. Once the provinces and territories have established their eligibility to draw funds down from the trust, they become accountable to their own citizens, not to the federal government, for how they use these funds.

Result/Outcome

This chapter was reviewed by two House of Commons standing committees—the Standing Committee on Health in February 2009 and the Standing Committee on Public Accounts in March 2009. These hearings provided a good forum of discussion on the issue of federal transfer fund mechanisms and federal, provincial, and territorial accountabilities. In May 2009, the Standing Committee on Public Accounts issued its own report and made two recommendations for government action.

Safeguarding Government Information and Assets in Contracting (October 2007, Chapter 1)

Introduction

When the Auditor General presents the findings of an audit to parliamentary committees and the department(s) and agencies are also present as witnesses, these hearings provide a valuable forum for accountability. A case in point is the hearings on the October 2007 Chapter 1, Safeguarding Government Information and Assets in Contracting.

Background

Keeping sensitive government information and assets secure, whether held within government or entrusted to industry, is critical to supporting the Government of Canada's objectives and the health, safety, security, and economic well-being of Canadians at home and abroad. Our audit examined how the federal government assures the security of sensitive information and assets that it makes available to industry in the course of contracting.

We found serious weaknesses in the processes that are supposed to ensure the safeguarding of sensitive government information and assets. Some of these weaknesses included a lack of clarity in roles and responsibilities among those responsible for policy implementation, a lack of monitoring mechanisms to ensure that the policies and procedures were actually being implemented as intended, and officials circumventing key security procedures in order to reduce costs and avoid project delays. As a result, many federal contracts that provide access to sensitive government information and assets were awarded to contractors whose personnel and facilities had not been cleared to the appropriate level of security.

Result/Outcome

Public Works and Government Services Canada, National Defence, the Royal Canadian Mounted Police, Defence Construction Canada, and the Treasury Board of Canada Secretariat agreed with the Auditor General's recommendations to review and enhance current roles, responsibilities, policies, and procedures in order to better safeguard the security of sensitive information and assets that it makes available during the contracting process.

Furthermore, the Standing Committee on Public Accounts reviewed this chapter during two committee hearings—one in February and the other in June 2008. These hearings provided an opportunity to discuss our findings and the departments' positions, as well as their planned activities for remediation, in order to address the observations and recommendations in the chapter.

Annual Report on Sustainable Development Strategies (Chapter 4, December 2008 Commissioner of the Environment and Sustainable Development Report)

Introduction

Some of our audit findings can lead to new legislation. The Commissioner's work on the sustainable development strategies of government departments and agencies over the past decade is a case in point.

Background

In 1995, Parliament amended the *Auditor General Act*, requiring the ministers of designated departments and agencies to prepare sustainable development strategies, to table them in Parliament, and to update them at least once every three years. The Commissioner of the Environment and Sustainable Development was directed to monitor implementation of the strategies and to report annually on progress. The objective of the legislative amendment was to make sustainable development an integral part of the mandate and operations of each department and agency.

Over the past decade, the Commissioner has frequently reported significant weaknesses in the quality and relevance of the commitments presented in the departmental sustainable development strategies and has called for a comprehensive federal approach to sustainable development. In the 10th annual report on the sustainable development strategies, October 2007 Report, Chapter 1, Sustainable Development Strategies, the Commissioner concluded that the government's current approach to producing and using sustainable development strategies was not working to deliver progress toward sustainable development. The Commissioner recommended that the federal government undertake a number of corrective measures, including establishing federal goals for sustainable development. The goals should include specific performance expectations, indicators, and targets that would serve as objectively verifiable benchmarks against which progress can be measured.

Result/Outcome

In June 2008, Parliament passed the *Federal Sustainable Development Act*. In the formulation of the Act, the Commissioner of the Environment and Sustainable Development was consulted on key management practices that should be specified in relation to a federal sustainable development strategy. As a result, the Act incorporated key aspects of the Commissioner's 2007 recommendation.

Under the Act, the government is to develop a federal sustainable development strategy that specifies measurable goals and targets. Departments and agencies are to prepare their own strategies that comply with and contribute to the government-wide strategy, and Environment Canada is responsible for monitoring implementation and reporting on progress.

In addition, the Act provides new duties for the Commissioner, including assessing the fairness of the information contained in the government's report on progress.

Our work adds value for the key users of our reports. We carry out surveys of parliamentarians, requesting feedback on performance audits tabled before the members of four key parliamentary committees that review our reports: the House of Commons Standing Committee on Public Accounts and the Standing Committee on Environment and Sustainable Development, as well as the Senate Standing Committee on National Finance and the Standing Committee on Energy, Environment and Natural Resources. In the past year, there was considerable turnover in committee membership, and consequently many of the committee members were not in a position to comment on the reports completed in 2008–09. Therefore, we chose not to conduct a survey of parliamentarians for performance audits completed in 2008–09.

Our target is to have 90 percent of respondents provide us with an average rating of "agree" or "strongly agree" in response to five statements that are used as an indication that our audits add value. Virtually all parliamentarians who responded to the 2006–07 survey and the 2007–08 survey provided ratings that exceeded the target.

Our work adds value for the organizations we audit. Since 2003–04, we have surveyed senior management of organizations subject to our performance audits after tabling the applicable report in Parliament. This year we received 28 completed surveys on 15 audits.

The target for performance audits, established in our 2008–09 Report on Plans and Priorities, was to have 65 percent of ratings of our audits as "agree" or "strongly agree" that the audits add value for senior management. This indicator is based on responses to the four statements shown in Exhibit 7. The percentage of responses of "agree" or "strongly agree" to all statements exceeded 65 percent for audits in 2008–09, with the average for the four statements being 75 percent.

Exhibit 7—Performance audits add value for senior management (Number of surveys received in 2008–09 = 28)

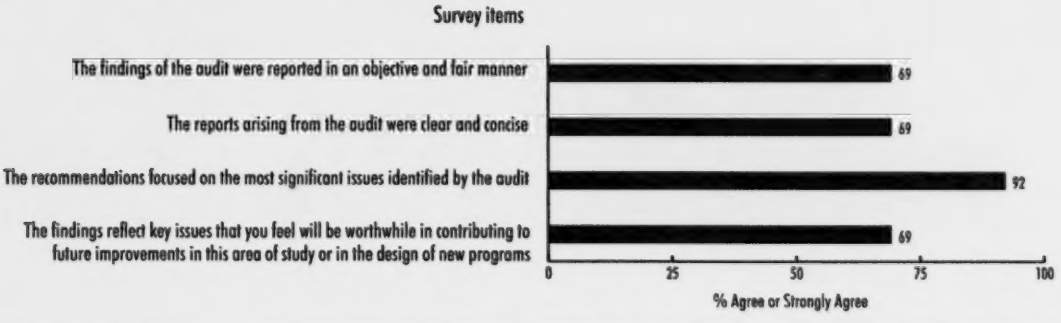
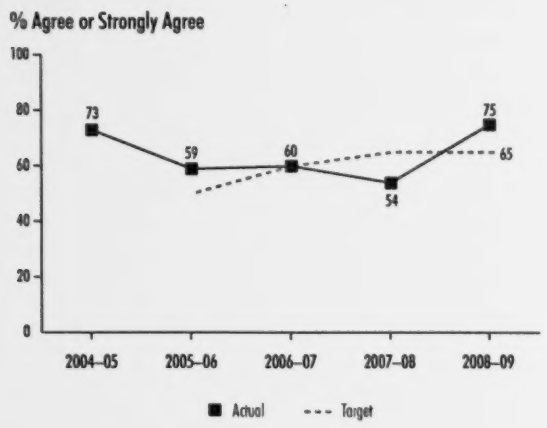

Survey items
The findings of the audit were reported in an objective and fair manner
69
The reports arising from the audit were clear and concise
69
The recommendations focused on the most significant issues identified by the audit
92
The findings reflect key issues that you feel will be worthwhile in contributing to future improvements in this area of study or in the design of new programs
69
0
25
50
75
100
% Agree or Strongly Agree

Exhibit 8 shows the trend for senior management responses over time (no target was established before 2005–06). Their assessment in 2008–09 was the best in the past five years.

Exhibit 8 – Performance audits add value for senior management



Key users of our reports and the organizations we audit respond to our findings. Departments and agencies are responsible for taking corrective action and improving their management practices. Annually, we request an update from these organizations on their progress in implementing our recommendations. Beginning in 2007–08, we also asked them to assess their level of implementation. The information we receive is self-reported by the departments and agencies. While we do not subject it to any detailed review or audit, we do consider it for consistency with our current knowledge of the organization.

We have established that four years is a reasonable period of time to fully implement our recommendations. We expect that 25 percent will be substantially implemented and a further 50 percent will be fully implemented by that time. In 2008–09, departments reported that they had fully implemented 63 percent of recommendations and had substantially implemented a further 27 percent of the recommendations made in the performance audit reports we tabled in 2004–05. Beginning in 2009–10, our target will be 75 percent based on a combined total of recommendations that were substantially or fully implemented. In 2008–09, the combined total was 90 percent.

Periodically, we prepare a status report, which follows up on the government's progress in responding to recommendations contained in previous performance audits. We audit selected recommendations and findings from prior reports to determine if progress in addressing them has been satisfactory. When we make that determination, we consider the time elapsed since our original report and the complexity and degree of difficulty of remedial action by the government. These status reports are another way for us to determine —and for parliamentarians to understand—whether government organizations are meeting commitments they made in response to our previous recommendations.

We tabled a status report in March 2009 and concluded that for the seven topics we examined, there was satisfactory progress in five.

Financial audits of Crown corporations, territorial governments, and other organizations

Financial audits answer the following questions:

- Are the annual financial statements of Crown corporations, territorial governments, and other organizations presented fairly?
- Is the federal government presenting its overall financial situation fairly?
- Are these entities complying with their legislative authorities?

In 2008–09, the Office issued 108 reports expressing an audit opinion on financial statements or financial information.

Exhibit 9 summarizes our results for financial audits for 2008–09.

Exhibit 9—Results for financial audits

Expected results		**Actual results**	
• Parliament and federal and territorial organizations are engaged in the audit process • Parliament holds government to account • Our work is relevant to federal and territorial organizations, departments, agencies, and Crown corporations		We completed 108 financial audit reports that provided the recipients, and ultimately Parliament, with an independent and objective opinion that they could rely on the financial information we examined. We began working with federal organizations that will be affected to raise their awareness about the upcoming conversion to international financial reporting standards, and with their audit committees to become engaged in monitoring preparedness for these conversions.	
Objectives	**Indicators and targets**	**Performance summary**	**Performance status**
Our work adds value for the key users of our reports	75 percent of audit committee chairs find our financial audits add value	85 percent of audit committee chairs found our financial audits add value	Exceeded
Our work adds value for the organizations we audit	75 percent of Crown corporation and large-department senior managers find our financial audits add value	83 percent of Crown corporation and large-department senior managers found our financial audits add value	Exceeded
Key users of our reports and the organizations we audit respond to our findings	100 percent of the reservations in our audit opinions are addressed from one financial audit to the next	11 percent of the reservations in our audit opinions were addressed from one financial audit to the next. We issued 108 financial audit opinions, containing eight reservations. There had been nine reservations in 2007–08.	Not met (See page 29)

Our work adds value for key users of our reports. To measure the value of our financial audits, we conduct surveys of the chairs of audit committees and other bodies with responsibility for oversight of financial reporting. Since 2002–03, we have conducted two biennial surveys. In 2008–09, we began to survey following every audit.

In our 2008–09 Report on Plans and Priorities, we established a target of 75 percent for the audit committee chairs who find that our audits add value. The result was an 85 percent average, with at least three quarters of the respondents indicating they "agree" or "strongly agree" in response to all five statements used to measure value added (Exhibit 10).

Exhibit 10—Financial audits add value for audit committee chairs (Number of surveys received in 2008–09=43)

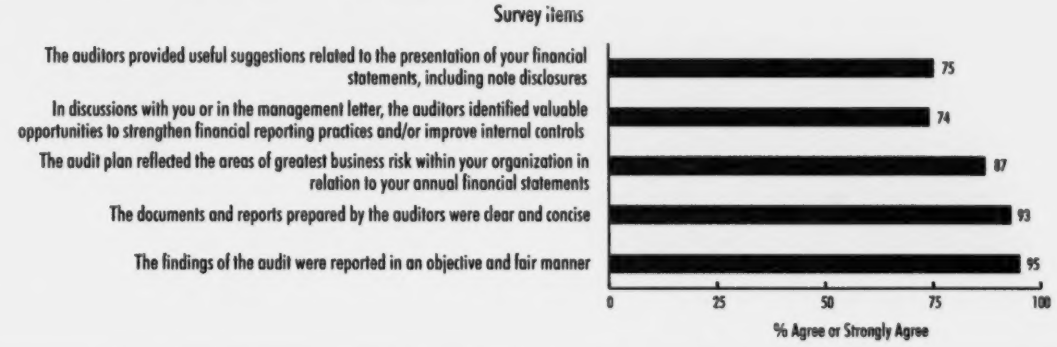
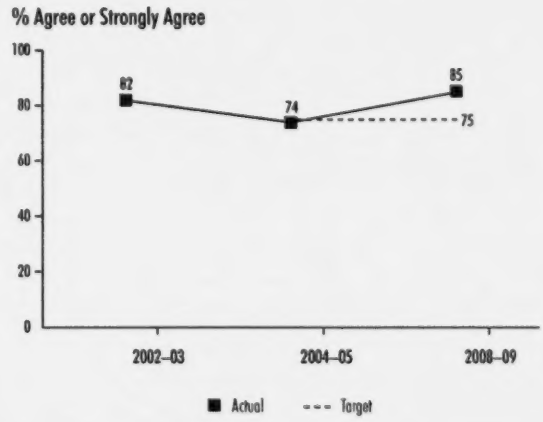

Survey items
The auditors provided useful suggestions related to the presentation of your financial statements, including note disclosures
75
In discussions with you or in the management letter, the auditors identified valuable opportunities to strengthen financial reporting practices and/or improve internal controls
74
The audit plan reflected the areas of greatest business risk within your organization in relation to your annual financial statements
87
The documents and reports prepared by the auditors were clear and concise
93
The findings of the audit were reported in an objective and fair manner
95
0
25
50
75
100
% Agree or Strongly Agree

Exhibit 11 shows the trend for audit committee chair responses (there was no target before 2004–05). Their assessment in 2008–09 was better than in the previous surveys.

Exhibit 11 – Financial audits add value for audit committee chairs



Our work adds value for the organizations we audit. In 2008–09, we established a target of 75 percent for the senior managers of Crown corporations and large departments who "agree" or "strongly agree" that our audits add value. The result in 2008–09 was an 83 percent average, with the responses to only one statement being below 75 percent (Exhibit 12).

Exhibit 12—Financial audits add value for senior managers (Number of surveys received in 2008–09 = 70)

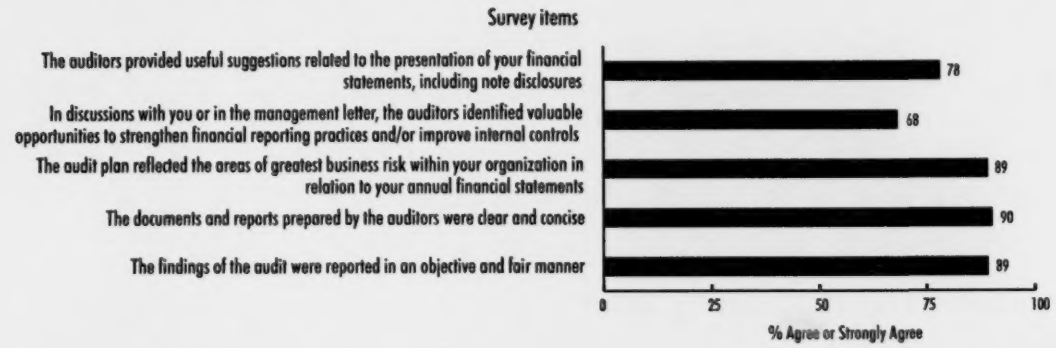
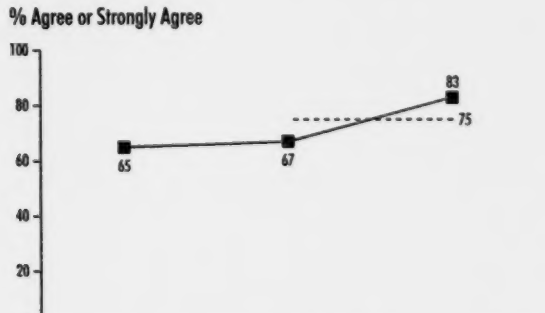

Survey items
The auditors provided useful suggestions related to the presentation of your financial statements, including note disclosures
78
In discussions with you or in the management letter, the auditors identified valuable opportunities to strengthen financial reporting practices and/or improve internal controls
68
The audit plan reflected the areas of greatest business risk within your organization in relation to your annual financial statements
89
The documents and reports prepared by the auditors were clear and concise
90
The findings of the audit were reported in an objective and fair manner
89
0
25
50
75
100
% Agree or Strongly Agree

Exhibit 13 shows the trend for senior manager responses (there was no target before 2004–05).

Exhibit 13 – Financial audits add value for senior managers



Key users of our reports and the organizations we audit respond to our findings. For our financial audits, we monitor the corrective action taken in response to opinion reservations contained in our reports. Our indicator is the percentage of reservations that are addressed from one report to the next. Our target is 100 percent.

There are two types of reservations that are presented in our financial audit reports: reservations related to financial accounting and auditing issues, and reservations related to compliance with authorities issues. Our reports can also contain other matters—for example, these might include comments concerning an organization's financial sustainability or ability to fulfill its mandate. In the past, we included only financial accounting and auditing reservations in the calculation of this performance indicator. This year, we have included compliance-with-authorities reservations and "other matters", and we have restated the 2007–08 result accordingly.

In 2008–09, we issued 108 financial audit opinions, containing eight reservations that continued from the 2007–08 reports. Only one of the nine reservations issued in 2007–08 was addressed, giving a performance result of 11 percent.

Of the eight continuing reservations, three were financial accounting and auditing issues and five were compliance-with-authorities issues. All three of the financial accounting and auditing reservations were contained in reports on territorial organizations. Four of the five compliance-with-authorities reservations were contained in reports to territorial organizations and were for failure to table annual reports on time. Many territorial organizations continue to face a challenge in having the financial management capacity they require.

Special examinations of Crown corporations

A special examination of a Crown corporation answers the following question:

> Do the systems and practices used by Crown corporations provide reasonable assurance that assets are safeguarded and controlled, that resources are managed economically and efficiently, and that operations are carried out effectively?

In 2008–09, we reported on the special examinations of the eight corporations listed in Section III—Supplementary Information. In 2008, there were three new Crown corporations added to the list of corporations that require special examinations: The Canadian Museum for Human Rights, the Canada Employment Insurance Financing Board, and PPP Canada Inc.

We began publishing a chapter presenting the main points of special examinations in 2008 and will continue to present this information annually in our Report to Parliament. Chapter 7 of our Spring 2009 Report—Special Examinations of Crown Corporations presents the main points of eight special examination reports of Crown corporations that were issued to their boards of directors between 1 March 2008 and 31 December 2008 and that have subsequently been made public. Of those eight reports, six identified no significant deficiencies and two—Federal Bridges Corporation Ltd. and VIA Rail Canada—identified one or more significant deficiencies. These deficiencies were reported to the responsible Minister.

Exhibit 14 summarizes our performance results for special examinations of Crown corporations for 2008–09.

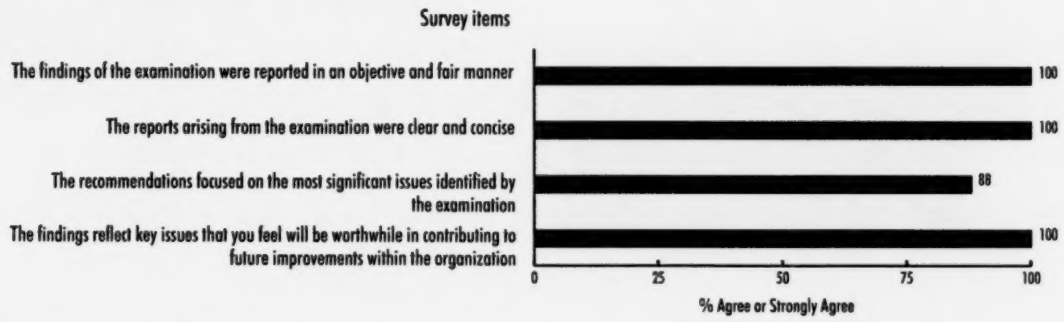
Exhibit 14—Results for special examinations

Expected results		Actual results	
• Parliament and federal organizations are engaged in the audit process • Parliament holds government to account • Our work is relevant to federal organizations, departments, agencies, and Crown corporations		We delivered eight special examination reports on federal Crown corporations in 2008–09. In two of these reports—Via Rail Canada and Federal Bridges Corporation Ltd.—we identified significant deficiencies.	
Objectives	**Indicators and targets**	**Performance summary**	**Performance status**
Our work adds value for the key users of our reports	90 percent of board chairs find our special examinations add value	97 percent of board chairs found our special examinations add value	Exceeded
Our work adds value for the organizations we audit	75 percent of Crown corporation chief executive officers find our special examinations add value	84 percent of Crown corporation chief executive officers found our special examinations add value	Exceeded
Key users of our reports and the organizations we audit respond to our findings	100 percent of significant deficiencies are addressed from one special examination to the next	n/a*	n/a

*For the eight special examinations completed in 2008–09, there were either no significant deficiencies in the previous special examination, or there was no previous special examination because the Crown corporation was new.

Our work adds value for the key users of our reports. To determine the value of our special examinations to the users of these reports, we survey board chairs (Exhibit 15). While the number of survey respondents is small (corresponding with the number of special examinations we complete annually), the response rate has been good. We received responses from eight of the ten board chairs surveyed in 2008–09.

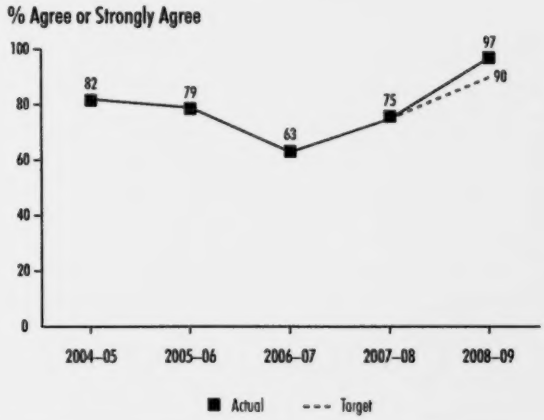
Exhibit 15—Special examinations add value for board chairs (Number of surveys received in 2008–09 = 8)


Survey items
The findings of the examination were reported in an objective and fair manner
100
The reports arising from the examination were clear and concise
100
The recommendations focused on the most significant issues identified by the examination
88
The findings reflect key issues that you feel will be worthwhile in contributing to future improvements within the organization
100
0
25
50
75
100
% Agree or Strongly Agree

In our 2008–09 Report on Plans and Priorities, we established a target of 90 percent for the respondents who indicate that they "agree" or "strongly agree" that our reports add value. This year the overall result was 97 percent. All respondents indicated they "agree" or "strongly agree" that we prepare reports that are clear and concise, that we report the findings in a fair and objective manner, and that the findings reflect key issues that will contribute to future improvement within the organization.

Exhibit 16 shows the trend for board chair responses (there was no target before 2007–08).

Exhibit 16 – Special examinations add value for board chairs



Our work adds value for the organizations we audit. In our 2008–09 Report on Plans and Priorities, we established a target of 75 percent for the chief executive officers of Crown corporations who "agree" or "strongly agree" that our special examinations add value. The result in 2008–09 was 84 percent (Exhibit 17).

Exhibit 17—Special examinations add value for chief executive officers (Number of surveys received in 2008–09 = 11)

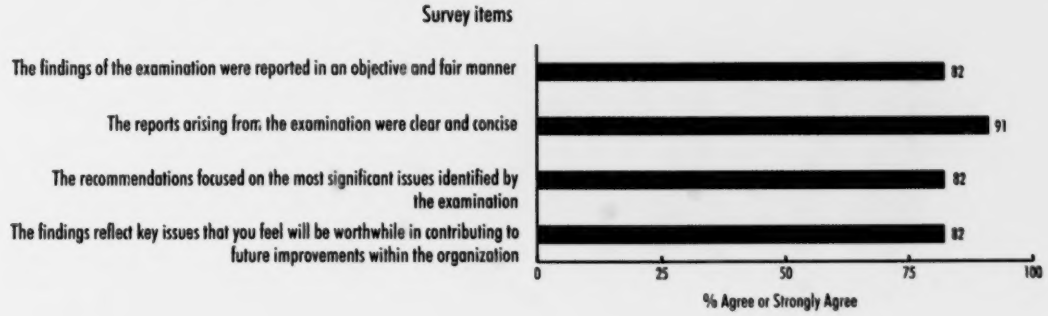
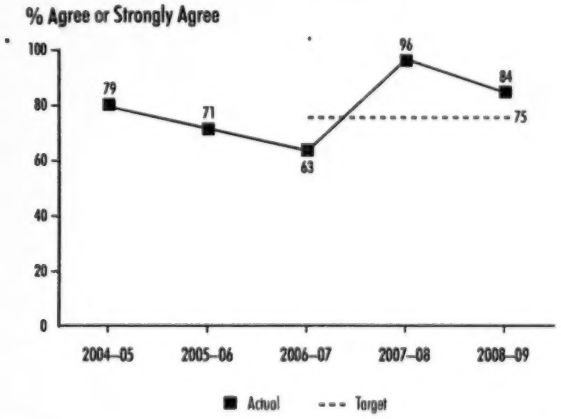

Survey items
The findings of the examination were reported in an objective and fair manner
82
The reports arising from the examination were clear and concise
91
The recommendations focused on the most significant issues identified by the examination
82
The findings reflect key issues that you feel will be worthwhile in contributing to future improvements within the organization
82
0
25
50
75
100
% Agree or Strongly Agree

Exhibit 18 shows the trend for chief executive officer responses (there was no target before 2006–07).

Exhibit 18 – Special examinations add value for chief executive officers



Key users of our reports and the organizations we audit respond to our findings. We monitor the corrective action taken in response to significant deficiencies reported in our reports. Our indicator for special examinations is the percentage of significant deficiencies that are addressed from one report to the next. Our target is 100 percent.

For the eight special examinations completed in 2008–09, there were either no significant deficiencies in the previous special examination, or there was no previous special examination as the Crown corporation was new. Therefore, this indicator was not applicable.

Sustainable development monitoring activities and environmental petitions

Sustainable development monitoring activities. Over the years, we have monitored a number of departmental sustainable development strategies annually and continue to do so. In 2008, we examined the implementation of one commitment each from the 2007–2009 strategies of 11 federal organizations.

Individual organizations have taken some action in specific areas, but there are still no clear federal goals or indicators to clarify the government's expectations for sustainable development strategies or to measure the individual or collective progress of departments and agencies. Consequently, there is still no basis for a meaningful assessment of results relative to the sustainable development strategies.

The 2008 *Federal Sustainable Development Act* requires Environment Canada to establish federal sustainable development goals and targets by June 2010 and to provide a progress report at least once every three years after the day on which the Act came into force. Under this legislation, the Commissioner of the Environment and Sustainable Development has new responsibilities, including assessing the fairness of the information contained in the government's report on progress in implementing a federal sustainable development strategy. We look forward to examining progress in our future annual reports.

Environmental petitions. The 1995 amendments to the *Auditor General Act* require that we monitor and report annually to Parliament on environmental petitions received from Canadians. The Commissioner reports on the quantity, nature, and status of petitions received and on the timeliness of ministers' responses. The annual report on environmental petitions was included in the Commissioner's December 2008 Report, tabled in Parliament in February 2009.

In 2008–09, the Office received 37 environmental petitions. Ministers delivered 83 percent of responses to petitions on environmental matters within the 120-day time limit, compared with 84 percent last year.

In addition, we continued our practice of auditing selected issues and commitments made by ministers in their responses to petitions. In 2008–09, we audited departmental progress related to the development of the Air Quality Health Index. The results of this work were reported to Parliament in our Status Report in March 2009.

Organizational performance

We measure and manage our performance as an organization in a number of ways. The following section describes our key performance objectives, indicators, and targets and how we performed in 2008–09.

Delivering work on time and on budget

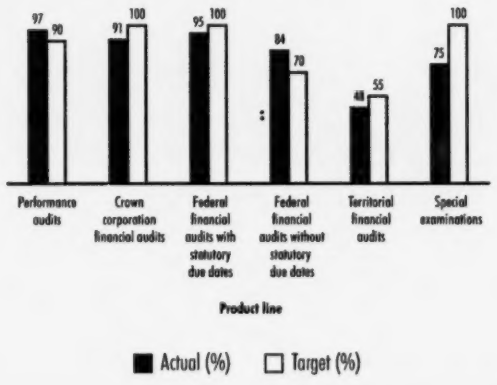
On time. For performance audits, the Office determines when individual audit reports will be tabled in the House of Commons; thus, there are no statutory deadlines for these reports. However, we do communicate to the Public Accounts Committee our planned tabling schedule for performance audits for the coming fiscal year. In our 2008–09 Report on Plans and Priorities, 29 performance audits were listed as planned for tabling during the current fiscal year and all but one were completed as planned. That one was rescheduled and reported in May 2009. The target for 2008–09 was 90 percent on time. For federal performance audits, 13 were tabled as planned and 13 were tabled later than the planned completion date listed in the 2008–09 Report on Plans and Priorities due to the prorogation of Parliament. One of the 13 audits tabled later than planned was tabled separately as it was reported concurrently with a related audit conducted by the Office of the Privacy Commissioner. Both planned territorial performance audits were completed on time. Details of the audits tabled are in Section III—Supplementary Information.

The majority of financial audits of federal Crown corporations (91 percent) and other federal organizations with a statutory deadline (95 percent) were completed on time, but we did not meet our target of 100 percent. For federal Crown corporations, reporting deadlines were not met for the Royal Canadian Mint (year ended 31 December 2008) and for the National Capital Commission, Federal Bridges Corporation Ltd., and the Canadian Race Relations Foundation (all 31 March 2008 year ends). The one "other federal organization with a statutory deadline" that was late was the National Battlefield Commission. Completing audits of federal organizations without a statutory deadline on time can be more challenging as these entities are not always ready to be audited within our self-determined deadline of 150 days after the end of the reporting period. Nonetheless, in 2008–09, 84 percent of these audits were completed on time, exceeding our 2008–09 target of 70 percent (Exhibit 19).

Territorial financial audits present some unique challenges, including client readiness. In 2008–09, 48 percent of these audits were completed on time, a decrease from 2007–08 and below our target of 55 percent for 2008–09.

In our 2008–09 Report on Plans and Priorities, we listed 15 special examinations that we planned to complete in 2008–09. Eight were completed in 2008–09, and six of these were delivered on or before the statutory deadline (see List of completed special examinations). Completion of the remaining seven has been delayed until 2009–10; however, we still expect these to be completed before the statutory deadlines. The performance result of 75 percent for 2008–09 is the same as for 2007–08. While it is a significant improvement from 25 percent in 2006–07, it is still below our target of 100 percent. We are refining our approach to planning special examinations to improve on-time performance.

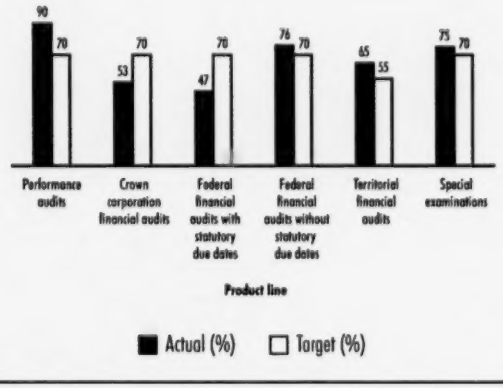
Exhibit 19 – Our work is completed on time



On budget. For all of our audits, being on budget is defined as completing the audit in no more than 115 percent of the budgeted hours for the audit. This figure recognizes that factors outside the control of the audit team, such as client readiness and the number and complexity of audit issues identified, can affect time spent on an audit.

For federal audits, three of our on-budget results improved in 2008–09 and are above our target of 70 percent, while the audits of Crown corporations and other federal entities with a statutory deadline are below the target. Our on-budget result for audits of territorial organizations is well above the target of 55 percent (Exhibit 20).

Exhibit 20 – Our work is delivered on budget



Although our on-budget results for financial audits of Crown corporations and other federal entities with statutory deadlines continue to be significantly below target in 2008–09, the results of our recent audits are promising, in part as a result of our efforts to develop a more rigorous budget-setting and management process. Work on preparing for the transition to international financial reporting standards is introducing new budgeting and resourcing challenges for audits of Crown corporations and territorial organizations, and we will be reviewing all audits to identify possible audit efficiencies to offset these additional challenges. While there are many reasons and possible explanations for why individual audits did not meet their budgets, overall we need to do a better job in planning, monitoring, and developing budgets for our audits. Our employee survey results also tell us that our staff believe we can do a better job in managing our allocation of staff to products.

Ensuring our audit reports are reliable

Our audit work is guided by a rigorous methodology and quality management system. Annual internal reviews and periodic external peer reviews provide the Auditor General with opinions on whether our audits are conducted in accordance with professional standards, and whether our Quality Management System (QMS) is appropriately designed and effectively implemented. We report publicly on the results of these reviews in order to provide assurance to members of Parliament and the public that they can rely on the opinions and conclusions contained in our audit reports. Our Quality Management System is based on professional standards and Office policies. It guides auditors through a set of steps they must follow during their audits and ensures that these audits are conducted according to professional standards and Office policies. Annual internal reviews also conclude on whether the opinions and conclusions contained in our audit reports are appropriate. External reviews conducted by the provincial institutes of chartered accountants conclude on whether we are following professional standards and meeting their requirements for training chartered accounting students.

Internal practice reviews. Each year we conduct practice reviews of our financial audits, special examinations, performance audits, and assessments of agency performance reports by assessing their compliance with our Quality Management System. In 2008–09, we completed 22 practice reviews—12 annual audits, 7 performance audits, and 3 special examinations. This number of reviews was higher than usual and addressed a backlog from the previous year.

In all cases but one, the practice reviews found that the opinions and conclusions expressed in our reports were appropriate. In the one exception, the audit team was directed to carry out additional work and make the necessary corrections to the audit file.

The practice reviews identified a number of instances where improvements should be made to our Quality Management System and where the QMS was not applied consistently and rigorously. The reviews found that only four of the audits were in full compliance with our QMS.

The Office is not satisfied with these results and we are taking steps to address them, including increasing accountability for compliance with the QMS. We have developed detailed action plans that have been reviewed by our independent audit committee and approved by the Office's Executive Committee. These two committees will carefully monitor implementation of the action plans. As a result of the actions we are taking, we expect to see some improvements next year, and, since many of next years' audits are already well advanced, further improvements the following year.

As a result of these practice reviews, we are changing our performance indicator from "the percentage of internal practice reviews that find our audits in compliance with our quality management system" to "the percentage of practice reviews that find the opinions and conclusions expressed in our reports are appropriate." This change reflects the fact that while compliance with our QMS is intended to ensure that audit opinions and conclusions are appropriate, ultimately it is the reliability of the opinions and conclusions expressed in our reports that is important to Parliament and the public.

External reviews. Through peer reviews of the Office, conducted by other national legislative audit offices, we periodically seek independent assurance that our Quality Management System is suitably designed and is operating effectively to produce independent, objective, and supportable information that Parliament can rely on to examine the government's performance and hold it to account. The next peer review will take place in 2009–10. It will encompass all three of our main audit practices, as well

as key services that directly support audit operations. The two previous peer reviews found that our QMS for financial audits was effectively designed and operating effectively (1999) and reached the same conclusion for our performance audit practice (2003).

A second type of external review is conducted by the provincial institutes of chartered accountants, who review our compliance with professional standards and our training of chartered accounting students. The most recent reviews by the institutes of five provinces (conducted within the past 18 months) concluded that we were following professional standards and met their training requirements.

Results of our practice reviews, including action plans and progress reports, are published on our website under About Us.

Internal audits. We also audit our management and administrative practices. These audits assure the Auditor General that the Office is complying with government and Office policies. They also provide managers with assessments and recommendations. A link to the list of internal audits and reviews is in Section III—Supplementary Information.

In 2008–09, following the implementation of a new financial system in April 2008, we began an internal audit on the controls for financial transactions. The findings of this audit will be reported in our 2009–10 Performance Report.

As our internal audits are completed, the results are published on our website under About Us.

Providing a respectful workplace

Our values for creating a respectful workplace are trust, integrity, and leading by example. These values define how we conduct ourselves and carry out our work. In addition, the Office strongly supports the values of competency, representativeness, non-partisanship, fairness, employment equity, transparency, flexibility, affordability, and efficiency. The Office includes these values in all of its human resource activities. In addition, since 2005, 50 percent of managers' performance pay has been tied to their people management skills.

The Office has set four objectives for providing a respectful workplace, each with its own indicators and targets:

Provide a workplace environment where employees are satisfied and engaged.

Promote a bilingual workplace.

Assemble a workforce that represents the Canadian population.

Ensure that qualified, capable employees are available to carry out our mandate.

Satisfied and engaged employees. Our target for this objective is to maintain a minimum level of 80 percent employee satisfaction. Our 2008 employee survey had a 93 percent response rate, which is above the 90 percent rate in 2006 and the 65 percent norm for most organizations. The results show a significant increase in overall employee satisfaction from 70 percent in 2004 to 82 percent in 2006, and to 88 percent in 2008. Most employees—93 percent—said they feel proud to work for the Office, and consider the Office to be well run and characterized by good clarity of direction and strong support for vision and values.

Our challenge during the next year will be to maintain this positive momentum and continue to look for ways to improve. In response to the 2008 Employee Survey, the Executive Committee committed to taking action in the following three areas: managerial and supervisory effectiveness, resources (workload and staffing), and the promotion process. Implementation of these actions began in late 2008. Our goal is to ensure that all the initiatives identified are well under way or completed before our next employee survey in the spring of 2010.

A bilingual workforce. The Office has continued to improve its bilingual capacity in the management group. On 31 March 2009, 85 percent of our senior management group (assistant auditors general and principals) met the language requirements of their positions. As for the directors, 79 percent met the language requirements of their positions. Emphasis will continue to be placed on second language training in 2009–10.

A representative workforce. In increasing its workforce from the previous year, the Office has been able to exceed or achieve close to 100 percent representation of workforce availability for three out of four designated groups. Efforts are still needed to increase representation of visible minorities.

Retention rate. The retention rate of 88 percent has increased slightly in the past year and remains below our target of 90 percent. A Retention and Recruitment Strategy was developed and greater attention was focused on specific target groups, especially in the accounting field, in order to increase retention.

Financial performance

Our net allowable spending for 2008–09 was $100.4 million, consisting of $87.9 million current year appropriations plus services provided by other government organizations without charge of $13.4 million less non-respendable revenue of $0.9 million.

Parliamentary appropriations

In 2008–09, the Office used $84.4 million of the $87.9 million in parliamentary appropriations approved (Exhibit 21). The $87.9 million is comprised of $81.9 million in Main Estimates and a further $6.0 million in Supplementary Estimates and adjustments and transfers. The $6.0 million was routine in nature, including the carry-forward funding ($3.6 million), various salary-related entitlements, such as economic increases and increases related to performance pay ($1.0 million), and parental leave/severance payments ($1.7 million) recovered from the Treasury Board of Canada Secretariat (through the contingency vote).

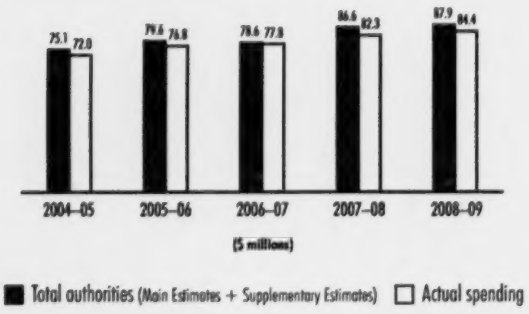
The Office lapsed $3.5 million in 2008–09 ($4.3 million in 2007–08). Like government departments and agencies, subject to parliamentary approval, the Office may carry forward lapsed amounts and adjustments of up to five percent of its operating budget (based on Main Estimates program expenditures) into the next fiscal year.

Exhibit 21—Voted and statutory items

		2008–09 ($ millions)			
Vote # or statutory item (S)	Vote or statutory wording	Main Estimates	Planned spending	Total authorities	Total actual expenditures
15	Program expenditures	72.3*	72.3	78.6	75.1
(S)	Contributions to employee benefit plans	9.6	9.6	9.3	9.3
	Total	81.9	81.9	87.9	84.4

Exhibit 22 shows our spending trend from 2004–05 to 2008–09.

Exhibit 22 – Spending trend



Cost of operations

In 2008–09, the net cost of operations for the Office was $100.1 million, as reported in our audited financial statements (page 44). This increase of $7.4 million (8.0 percent) from 2007–08 is mainly due to increases in salary and employee benefits of about $4.5 million (6.4 percent), Office accommodation of $1.6 million (22.0 percent), and professional services of $1.2 million (14.4 percent). The increased salary costs are mainly due to a larger number of full-time equivalents (FTEs) used, annual economic increases, and an increase in employee benefits and the severance pay expense. The cost for Office accommodation, which is provided without charge to the Office, increased due to a new 4.5 year agreement. The new agreement was negotiated by Public Works and Government Services Canada for our Ottawa location, starting in April 2008. The first year of the agreement incorporates a 22 percent increase to reflect the increased market value of occupancy costs.

Full-time equivalents used

The Office used 628 full-time equivalents in 2008–09, which represented 98.9 percent of our budget of 635 FTEs. This represents an increase of 20 in the number of FTEs used from last year. In 2007–08, we used 608 FTEs, representing 98.5 percent of our budget of 617 FTEs.

Analysis by legislative auditing activity

We reported an original 2008–09 budget of $91.9 million in our 2008–09 Report on Plans and Priorities, and a revised 2008–09 budget of $98.8 million in our 2009–10 Report on Plans and Priorities. The 2008–09 revised budget (forecast spending) and actual spending (net cost of operations) are presented in Exhibit 2—Performance Summary (page 8).

We manage costs for the Office as a whole and also for individual audits. Audit budgets are established for planned hours and other costs of work. All direct salary, professional service, travel, and other costs associated with the delivery of individual audits and professional practice projects are charged directly to them. All other Office expenses, including services provided without charge, are treated as overhead and allocated to audits and professional practice projects based on the direct hours charged to them.

Performance audits and studies

($ millions)	2008–09		2007–08
	Actual costs	Budget	Actual costs
Performance audits and studies	43.7	45.2	39.5

The number of audits tabled and in progress in 2008–09 was similar to last year, but the costs were higher because the audits were larger and more complex. This year's actual costs were slightly below budget as some work was delayed until next year and certain expenditures were less than budgeted.

Financial audits

($ millions)	2008–09		2007–08
	Actual costs	Budget	Actual costs
Financial audits—Crown corporations, territorial governments, other organizations, and the summary financial statements of the Government of Canada	38.3	35.2	34.8

The costs of these audits in 2008–09 were higher than planned as a result of dealing with difficult issues in several Crown corporations and the summary financial statements of the Government of Canada, as well as a need for increased professional services to manage our peak period in May and June 2008. The costs also increased compared with last year. The increase in year-over-year costs is partly attributable to the above factors, but also due to the costs associated with beginning our new mandate as auditor of the International Labour Organization, and to work related to our Quality Management System, the cost of which we allocate to the audits. We continue to work on improving our management of the costs of our financial audits.

Special examinations of Crown corporations

($ millions)	2008-09		2007-08
	Actual costs	Budget	Actual costs
Special examinations of Crown corporations	7.8	8.6	6.8

The total cost of conducting special examinations of Crown corporations varies depending on the number of examinations under way each year; their nature, size, and complexity; and the risk levels of the corporations being examined. In 2008–09, we worked on 24 special examinations of which 8 were completed, compared with the 20 we worked on in 2007–08 of which 8 were completed. Our special examination costs were $800,000 under budget this year as a result of delays in a number of special examinations, including one major examination that has been deferred until a later date. In addition, another recently completed major examination was about $300,000 under budget.

Sustainable development monitoring activities and environmental petitions

($ millions)	2008–09		2007–08
	Actual costs	Budget	Actual costs
Sustainable development monitoring activities and environmental petitions	2.0	1.4	3.2

The costs of this work in 2008–09 were higher than planned due to additional work conducted on special projects related to the petitions process. These costs were lower than in 2007–08 because fewer petitions were received and fewer environmental and sustainable development audits were tabled this year.

Professional practices

($ millions)	2008–09		2007–08
	Actual costs	Budget	Actual costs
Professional practices	8.8	8.5	7.8

We increased the effort in this area compared with last year due to various projects and initiatives, such as updating audit methodology and preparation and training for the implementation of international financial reporting standards.

Section III—Supplementary Information

List of supplementary information tables

The following supplementary information tables can be found on the Treasury Board of Canada Secretariat website at http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp. or on the Office of the Auditor General website at www.oag-bvg.gc.ca/performance

- Selected sustainable development commitments and targets
- Green procurement
- Internal audits and reviews completed in 2008–09

Financial tables

Table 1—Total value of professional services contracts[1]

	Contracts with original fees less than $25,000			Contracts with original fees $25,000 or more		
	($ thousands)	Number	Percentage	($ thousands)	Number	Percentage
Competitive contracts	1,158	85	15.6	5,029	75	100
Non-competitive contracts	3,790	459	84.4	–	–	–
Total	**4,948**	**544**	**100**	**5,029**	**75**	**100**

[1] All amounts include fees, expenses, amendments and GST. Contracts are classified based on original fees before GST as per the Office's contracting policy. However, contracts with original fees of less than $25,000 are sometimes amended in accordance with the Office's contracting policy and in some cases the total amended value may exceed $25,000—these contracts are still included with 'contracts with original fees less than $25,000'. Further disclosure can be found on the OAG website where the total value (original value plus any amended value) of contracts over $10,000 (with GST) is reported.

Table 1 highlights the Office's contracting activity for professional services in 2008. The Auditor General's power to enter into contracts for professional services pursuant to section 16.2 of the *Auditor General Act* and in 2008–09 the Office was not subject to the Government Contracts Regulations. However, in light of proposed amendments, the Office is expected to be subject to Government Contracts Regulations once the amendments are approved. The Auditor General's policy on contracting for professional services requires that contracts for estimated professional fees of $25,000 or more be awarded through competition, unless they meet one of the three criteria for exemption: the need is one of pressing urgency, it is not in the public interest to solicit bids due to the nature of the work, or there is only one person capable of performing the work. Contracts that exceed the North American Free Trade Agreement (NAFTA) threshold follow NAFTA rules.

Table 2—Travel and hospitality expenses

Disclosure of the travel and hospitality expenses for the Auditor General, the Deputy Auditor General, the Commissioner of the Environment and Sustainable Development, and the Assistant Auditors General is available on our website under About Us.

The Office follows the Treasury Board Travel Directive and the Treasury Board Hospitality Policy, as appropriate for Agents of Parliament.

Table 3—Office memberships[1]

	($ thousands)
CCAF-FCVI Inc.	380.0
Conference Board of Canada	11.9
International Organization of Supreme Audit Institutions	7.8
Head of Federal Agencies Secretariat	7.5
Public Policy Forum	5.5
Association des institutions supérieures de contrôle ayant en commun l'usage du français	1.2

[1] The Office participates and supports professional organizations related to its legislative auditing program. The Office also pays individual employee membership fees to a variety of professional organizations.

Table 4—Compensation and benefits

The following is a summary of compensation and selected benefits paid to the Office employees by level. Office employees receive benefits comparable to other federal government employees, which are not included in this table.

Position	FTEs[1]	Salary ($)[2]	Bilingual bonus ($)	Performance pay[3] ($)	Automobile[4] ($)	Club membership[5] ($)	Total ($)
Auditor General	1	309,300[6]			4,828	599	314,727
Deputy Auditor General	1	200,385–239,865		0–39,340			200,385–279,205
Commissioner of the Environment and Sustainable Development	1	158,100–207,405		0–34,010			158,100–241,415
Assistant auditors general	16	158,100-188,550		0-30,920			158,100-219,470
Senior principals	4	113,540-164,495		0-26,930			113,540-191,425
Principals	56	113,540-146,440		0-18,430			113,540-164,870
Senior directors	3	88,605-131,605		0-16,580			88,605-148,185
Directors	103	88,605-117,500		0-14,780			88,605-132,280
Auditors	246	44,189-98,087	800	0–3,000			44,189-101,087
Audit service officers	91	53,858-89,679	800				53,858-90,479
Audit service specialists	106	33,674-63,661	800				33,674-64,461
	628						

[1] Full-time equivalents (FTEs) utilized in the fiscal year 2008–09.

[2] The audit services collective agreement for the period 1 April 2007 to 30 September 2010 was signed 3 April 2009. The table reflects the revised salaries.

[3] Amounts represent the range that levels are eligible to receive in performance pay.

[4] Taxable benefit for the personal use of an automobile for the 2008 calendar year.

[5] The Office paid a club membership for the Auditor General.

[6] The salary of the Auditor General is set by statute under subsection 4(1) of the *Auditor General Act* and is equal to the salary of a puisne judge of the Supreme Court of Canada.

Financial statements

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

Management's statement of responsibility

Management of the Office of the Auditor General of Canada is responsible for the preparation of the accompanying financial statements and related information contained in this 2008–09 Performance Report. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector. Where alternative accounting methods exist, management has chosen methods that it believes to be appropriate in the circumstances. Where estimates or judgments have been required, management has determined such amounts on a reasonable basis. Financial information disclosed elsewhere in this performance report is consistent with these audited financial statements.

In meeting its reporting responsibility, management has established and followed policies and procedures and systems of internal control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, operations are in compliance with governing authorities, and financial information is reliable. Selected internal control systems are periodically tested and evaluated by the internal auditors, and management takes any action necessary to respond appropriately to their recommendations. Management recognizes the limits inherent in all systems of internal control but believes the Office has established effective and responsive systems of internal control through the careful selection of employees, appropriate division of responsibilities, training and other professional development activities, and development of formal policies and procedures.

The Office's Executive Committee oversees management's preparation of the financial statements and ultimately approves the financial statements and related disclosures following a recommendation from the Office's Audit Committee. As a basis for recommending approval of the financial statements to the Executive Committee, the Audit Committee reviews management's arrangements for internal controls and the accounting policies employed by the Office for financial reporting purposes. The Audit Committee also meets independently with the Office's internal and external auditors to consider the results of their work.

The external auditors' report, as to the fairness of presentation of these financial statements in conformity with Canadian generally accepted accounting principles for the public sector, is included in this performance report.

Sheila Fraser, FCA
Auditor General of Canada

Jean Landry, CGA
Comptroller

Ottawa, Canada
26 June 2009

Auditors' report

To the Speaker of the House of Commons

We have audited the statement of financial position of the Office of the Auditor General of Canada as at 31 March 2009 and the statements of operations, deficit, and cash flow for the year then ended. These financial statements are the responsibility of the Office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the transactions of the Office that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations and the *Auditor General Act.*

Welch LLP
Lévesque Marchand S.E.N.C.
Chartered Accountants
Licensed Public Accountants

Ottawa, Canada
26 June 2009

Office of the Auditor General of Canada
Statement of Financial Position
as at 31 March

	2009	2008
Assets	(in thousands of dollars)	
Current assets		
Due from the Consolidated Revenue Fund	6,933	8,242
Accounts receivable	622	155
Prepaid expenses	283	281
	7,838	8,678
Capital assets (note 4)	3,497	4,375
	11,335	13,053
Liabilities and Deficit		
Current liabilities		
Accounts payable and accrued liabilities		
Due to employees	5,866	4,465
Due to others	2,113	2,700
Vacation pay	3,637	3,493
Current portion of employee future benefits (note 5)	1,813	1,787
	13,429	12,445
Employee future benefits (note 5)	11,652	11,273
Deficit (note 6)	(13,746)	(10,665)
	11,335	13,053

The accompanying notes are an integral part of these financial statements.

Approved by

Sheila Fraser, FCA
Auditor General of Canada

Jean Landry, CGA
Comptroller

Office of the Auditor General of Canada
Statement of Operations
for the year ended 31 March

	2009	2008
Expenses (note 7)	(in thousands of dollars)	
Performance audits and studies	43,739	39,525
Financial audits of Crown corporations, territorial governments, and other organizations	33,003	29,603
Special examinations of Crown corporations	7,735	6,746
Audit of the summary financial statements of the Government of Canada	5,242	5,188
Sustainable development monitoring activities and environmental petitions	1,973	3,156
Assessments of agency performance reports	411	978
Total cost of audits	92,103	85,196
Professional practices (note 8)	8,840	7,834
Total cost of operations	100,943	93,030
Costs recovered		
International audits	782	274
Other	105	89
Total costs recovered	887	363
Net cost of operations before parliamentary appropriations	100,056	92,667
Parliamentary appropriations used (note 3)	84,437	82,322
Net cost of operations after parliamentary appropriations	15,619	10,345

The accompanying notes are an integral part of these financial statements.

Office of the Auditor General of Canada
Statement of Deficit
for the year ended 31 March

	2009	2008
	(in thousands of dollars)	
Deficit, beginning balance	(10,665)	(10,902)
Net cost of operations after parliamentary appropriations	(15,619)	(10,345)
Services provided without charge by other government departments (note 7)	13,425	10,945
Costs recovered	(887)	(363)
Deficit, ending balance	(13,746)	(10,665)

The accompanying notes are an integral part of these financial statements.

Office of the Auditor General of Canada
Statement of Cash Flow
for the year ended 31 March

	2009	2008
Operating activities	(in thousands of dollars)	
Cash payments	(87,675)	(82,579)
Cash receipts	2,472	3,077
Parliamentary appropriations used (note 3)	84,437	82,322
Cash (used) provided by operating activities	(766)	2,820
Capital investment activities		
Capital asset acquisitions	(544)	(1,220)
Proceeds from the disposal of capital assets	1	–
Cash used in capital investment activities	(543)	(1,220)
(Decrease) Increase in Due from the Consolidated Revenue Fund during the year	(1,309)	1,600
Due from the Consolidated Revenue Fund, beginning of year	8,242	6,642
Due from the Consolidated Revenue Fund, end of year	6,933	8,242

The accompanying notes are an integral part of these financial statements.

1. Authority and objective

The *Auditor General Act*, the *Financial Administration Act*, and a variety of other acts and orders-in-council set out the duties of the Auditor General and the Commissioner of the Environment and Sustainable Development. These duties relate to legislative auditing of federal departments and agencies; Crown corporations; territorial governments; and other organizations, which include two international organizations.

The program activity of the Office of the Auditor General of Canada is legislative auditing and consists of performance audits and studies of departments and agencies; audit of the summary financial statements of the Government of Canada; financial audits of Crown corporations, territorial governments, and other organizations; special examinations of Crown corporations; sustainable development monitoring activities and environmental petitions; and assessments of agency performance reports.

The Office is funded through annual appropriations received from the Parliament of Canada and is not taxable under the provisions of the *Income Tax Act*.

Pursuant to the *Financial Administration Act*, the Office is a department of the Government of Canada for the purposes of that Act and is listed in Schedule I.1, and is a separate agency for the purposes of Schedule V.

2. Significant accounting policies

a) Basis of presentation

The financial statements of the Office have been prepared in accordance with Canadian generally accepted accounting principles for the public sector.

b) Parliamentary appropriations

The Office's annual parliamentary appropriations are reported directly in the Statement of Operations in the fiscal year for which they are approved by Parliament and used by the Office.

c) Costs recovered

The costs of audits are paid from monies appropriated by Parliament to the Office. Fees for international audits generally recover the direct costs incurred and are recognized in the period the audit services are provided. Amounts recovered are deposited in the Consolidated Revenue Fund and are not available for use by the Office. Other costs recovered represent audit professional services provided to members of the Canadian Council of Legislative Auditors, adjustments to prior year's payables and refund of prior years' expenses.

d) Due from the Consolidated Revenue Fund

The financial transactions of the Office are processed through the Consolidated Revenue Fund of the Government of Canada. The Due from the Consolidated Revenue Fund balance represents the amount of cash that the Office is entitled to draw from the Consolidated Revenue Fund, without further appropriations, in order to discharge its liabilities.

e) Capital assets

Capital assets are recorded at historical cost less accumulated amortization. The Office capitalizes the costs associated with the development of software used internally including software licences, installation costs, professional service contract costs, and salary costs of employees directly associated with these projects. The costs of software maintenance, project management and administration, data conversion, and training and development are expensed in the year incurred.

Amortization of capital assets begins when assets are put into use and is recorded by the straight-line method over the estimated useful lives of the assets as follows:

Capital assets	Useful life
Furniture and fixtures	7 years
Leasehold improvements	10 years
Informatics software	3 years
Informatics hardware and infrastructure	3 years
Office equipment	4 years
Motor vehicle	5 years

f) Vacation pay

Vacation pay is expensed as benefits accrue to employees under their respective terms of employment using the employees' salary levels at year end. Vacation pay liabilities represent obligations of the Office that are funded through parliamentary appropriations.

g) Employee future benefits

i) Pension benefits

All eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Office's contributions are currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The Office's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Office is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

ii) Severance benefits

Employees are entitled to severance benefits, as provided for under their respective terms of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. Management determined the accrued benefit obligation using the employees' salary at year end. Severance benefits are funded through appropriations once employees' departures are confirmed.

h) Services provided without charge by other government departments

Services provided without charge by other government departments are recorded as operating expenses by the Office at their estimated cost. A corresponding amount is reported directly in the Statement of Deficit.

i) Allocation of expenses

The Office charges all direct salary, professional service, travel, and other costs associated with the delivery of individual audits and professional practice projects directly to them. All other expenses, including services provided without charge, are treated as overhead and allocated to audits and professional practices projects based on the direct hours charged to them.

j) Measurement uncertainty

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Capital assets and employee severance benefits are the most significant items for which estimates are used. Actual results could differ significantly from those estimates. These estimates are reviewed annually, and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

3. Parliamentary appropriations

The Office is funded through annual parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Deficit in one year may be funded through parliamentary appropriations in prior and future years. Accordingly, the Office's net cost of operations for the year based on Canadian generally accepted accounting principles is different than total appropriations used for the year. These differences are reconciled as follows:

a) Reconciliation of net cost of operations to current year appropriations used

	2009	2008
	(in thousands of dollars)	
Net cost of operations before parliamentary appropriations	100,056	92,667
Less: Expenses not requiring the use of appropriations		
Amortization of capital assets	(1,421)	(1,229)
Services provided without charge by other government departments	(13,425)	(10,945)
Add: Costs recovered	887	363
	86,097	80,856
Changes in Statement of Financial Position amounts not affecting the current year use of appropriations[1]	(2,204)	246
Current year appropriations applied to operations	83,893	81,102
Capital asset acquisitions funded by appropriations	544	1,220
Current year appropriations used	84,437	82,322

[1] Components of this amount are prepaid expenses, due to employees, vacation pay, and severance benefits.

b) Reconciliation of appropriations provided to current year appropriations used

	2009	2008
Appropriations:	(in thousands of dollars)	
Voted—operating expenditures	78,623	77,482
Statutory contributions to employee benefit plans	9,315	9,146
Proceeds from disposal of capital assets	1	–
Current year appropriations provided	87,939	86,628
Less: Lapsed appropriations[1]	3,502	4,306
Current year appropriations used	84,437	82,322

[1]Subject to parliamentary approval, the Office is allowed to carry forward into the next fiscal year its lapsed appropriations after adjustments up to a maximum of 5 percent of its main estimates operating budget. In 2008–09, the Office had $3.5 million ($3.8 million in 2007–08) in lapsed appropriations after adjustments. The maximum allowed for carry forward into 2009–10 is $3.6 million ($3.6 million in to 2008–09).

4. Capital assets

	Cost				Accumulated amortization				2009	2008
	Opening balance	Acquisitions	Disposals	Closing Balance	Opening balance	Amortization	Disposals	Closing Balance	Net book value	Net book value
	(in thousands of dollars)									
Furniture and fixtures	4,496	147		4,643	3,025	639		3,664	979	1,471
Informatics software	3,889	196		4,085	3,231	315		3,546	539	658
Leasehold improvements	3,288	82		3,370	1,288	329		1,617	1,753	2,000
Office equipment	1,039	26	150	915	1,020	8	150	878	37	19
Informatics hardware and infrastructure	851	93	29	915	646	125	29	742	173	205
Motor vehicle	30			30	8	6		14	16	22
	13,593	544	179	13,958	9,218	1,422	179	10,461	3,497	4,375

Amortization expense for the year ended 31 March 2009 is $1.4 million ($1.2 million in 2008).

5. Employee future benefits

a) Pension benefits

The Office's eligible employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best 5 consecutive years of earnings. The benefits are fully indexed to the increase in the Consumer Price Index.

The Office's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor. The Office's and employees' contributions to the Plan are as follows:

	2009	2008
	(in thousands of dollars)	
Office's contributions	6,725	6,667
Employees' contributions	2,949	2,884

b) Severance benefits

The Office provides severance benefits to its employees based on years of service and salary at termination of employment. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations. Information about the plan, measured as at 31 March, is as follows:

	2009	2008
	(in thousands of dollars)	
Severance benefit obligation, beginning of year	13,060	13,511
Expense for the year	854	1,223
Benefits paid during the year	(449)	(1,674)
Severance benefit obligation, end of year	13,465	13,060

6. Deficit

The deficit represents liabilities incurred by the Office, net of capital assets and prepaid expenses, that have not yet been funded through appropriations. Significant components of this amount are employee severance benefits and vacation pay liabilities.

7. Summary of expenses by major classification

Summary of expenses by major classification for the years ended 31 March are as follows:

	2009	2008
	(in thousands of dollars)	
Salaries and employee benefits	74,066	69,599
Professional services	9,543	8,343
Office accommodation	8,507	6,975
Travel and communication	4,723	4,269
Informatics, informatics maintenance and repairs, office equipment, and furniture and fixtures	2,602	2,470
Printing and publications services	782	601
Materials, supplies, and other payments	720	773
Total cost of operations	100,943	93,030

In 2009, the total cost of operations included services provided without charge by other government departments totalling $13.4 million ($11.0 million in 2008). This is composed of $8.5 million ($7.0 million in 2008) for office accommodation and $4.9 million ($4.0 million in 2008) for the employer's contributions to the Public Service Health Care Plan and the Public Service Dental Plan.

8. Professional practices

The Office works with other legislative audit offices and professional associations, such as the Canadian Institute of Chartered Accountants, to advance legislative audit methodology, accounting and auditing standards, and best practices. International activities include participation in organizations and events that have an impact on our work as legislative auditors. External review includes the cost of participating in the external reviews of other national legislative audit offices and being the subject of an external review.

	2009	2008
	(in thousands of dollars)	
Methodology and knowledge management	4,447	3,183
International activities	2,132	3,112
External review	777	531
Canadian Council of Legislative Auditors	786	525
Participation in standard-setting activities	698	483
Professional practices	8,840	7,834

9. Related party transactions

The Office is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Office enters into transactions with these organizations in the normal course of business and on normal trade terms. As Parliament's auditor, the Office is

mindful of its independence and objectivity when entering into any such transactions. The Office conducts independent audits and studies without charge to federal departments and agencies, Crown corporations, territorial governments, and other organizations.

In 2009, the Office incurred expenses of $24.6 million ($22.7 million in 2008) and recovered expenses of $1.8 million ($2.0 million in 2008) from transactions in the normal course of business with other government departments, agencies, and Crown corporations. These expenses include services provided without charge of $13.4 million ($11.0 million in 2008) as described in note 7.

As at 31 March, the accounts receivable and payable with other government departments and Crown corporations are as follows:

	2009	2008
	(in thousands of dollars)	
Accounts receivable	383	86
Accounts payable	121	316

These amounts are included respectively in accounts receivable and due to others on the statement of financial position.

10. Financial instruments

The fair value of Due from the Consolidated Revenue Fund, accounts receivable, accounts payable, and accrued liabilities approximates their respective book values due to their short term to maturity.

11. Comparative figures

Certain 2007–08 comparative figures have been reclassified to conform to the presentation adopted in 2008–09.

Report on staffing

The Auditor General has received the staffing authorities of the Public Service Commission directly through the *Auditor General Act*. Since the Commission must report annually to Parliament for the previous fiscal year on matters under its jurisdiction, the Office of the Auditor General believes it should also report annually on the Office's staffing.

The following table takes into account the Public Service Commission's Staffing Management Accountability Framework. It summarizes the five areas of accountability and identifies the indicators present in the Office. The Framework is intended to ensure a values-based staffing system through which the core principles of merit and non-partisanship are applied in accordance with the core values of fairness, transparency, and access.

Staffing: Areas of accountability and indicators

Governance: The process of exercising authority and establishing a well-defined structure and administration in order to support the achievement of desired results.

1. Roles and responsibilities in staffing are clearly defined.	• The Executive Committee approved a written delegation of authority for human resources management.
2. The Office is resourced to deliver on its staffing priorities.	• There were about 196 staffing actions in 2008–09. Four staffing officers plus an assistant met the demands. A benchmarking exercise supported the belief that these resources are sufficient.
3. The Office has implemented practices that ensure continuous learning on the subject of staffing.	• The staffing officers, who must participate in a minimum of 20 hours per year of learning, have taken available training on staffing, both internally and externally. • New appointees to the Management Group (directors and principals) are required to attend a half to full-day transition session. Issues discussed include human resources (HR) responsibilities and staffing.
4. A structure and/or mechanisms are in place to facilitate decision making by senior management on staffing issues, and enable the collaboration of all stakeholders, including bargaining agents.	• The Human Resources Committee is tasked with addressing HR issues, such as the Office's promotion processes. Two members of this committee are nominated by the union. • A more senior committee, the Human Resources Committee (Limited), is tasked with overseeing larger human resource issues, such as HR policies and staffing strategies. This committee is composed of four assistant auditors general (AAGs). • The full Executive Committee regularly addresses issues of staffing, rotation, and succession planning.

Planning: In a staffing environment, planning is defined as a process that identifies current and future staffing needs for an organization to achieve its goals.

1. Senior management gives clear direction and sets priorities that enable values-based staffing.	• Staffing needs are assessed annually. Based on these needs, and the Office's budget, full-time equivalents (FTE) positions are allocated to each AAG. The AAGs are then accountable, with the help of HR, to staff their groups as necessary.
2. Human Resources planning, integrated with business planning, enables the organization to identify its current and future human resource needs.	• In 2008–09, under the direction of the Executive Committee, Human Resources implemented initiatives resulting from an integrated multi-year recruitment and retention strategy prepared in 2006–07. The strategy includes an analysis of internal and external business issues that will have an impact on the availability and assigning of resources.
3. Staffing is consistent with Human Resources planning and variances can be explained.	• Each group within the Office has an FTE budget. The Assistant Auditor General for each group is responsible for managing this budget.

Policy: Appointment decisions must first and foremost adhere to the new *Public Service Employment Act* and other pertinent statutes, including the Canadian Charter of Rights and Freedoms, *Canadian Human Rights Act*, *Official Languages Act*, and *Employment Equity Act*.

1. The Office implements and maintains policies that help it address significant issues in its appointment processes.	• Office practices and procedures conform to all pertinent statutory instruments. • For 2008–09, all of our indeterminate appointments were completed using a competitive process. • During the same period, 72 percent of indeterminate appointments were open to the public.

Communication: Communication ensures the integrity of the appointment process by being transparent, easy to understand, timely, and accessible, and by including the relevant stakeholders.

1. Stakeholders have access to timely staffing information, including information about staffing strategies and decisions.	• All competitions are advertised in both languages. Competitions open to people outside the Office are advertised on our website ("Careers"). Most of them were also posted on Workopolis.com • The multi-year recruitment and retention strategy is available on our INTRAnet.

Control: In a staffing context, control means the ongoing monitoring of information, the assessment of actual performance in relation to planned results, the correction of deviations, and the reporting of results.

1. Quality and timely human resource information is available to support staffing strategies and decisions.	• A semi-annual HR report is produced detailing the number of hires, departures, and turnover rate. It also highlights reasons for departures and anticipated retirement rates. • Monthly reports are produced identifying open positions and positions staffed during the previous month. • Regular meetings are held between staffing officers and managers to review progress on open positions.
2. The delegated organization monitors staffing on a continuing basis.	• The Principal, Human Resources monitors all exceptions to staffing rules. • There have been 3 acting appointments exceeding 12 months. • Waivers are obtained from the Auditor General for all hirings at the director/principal level that do not meet language requirements. • Standards for documentation of staffing files are followed. • Apart from our accounting trainees, there have been only 5 term appointments for periods of over 12 months, mainly for maternity leave replacement.

List of completed performance audits

The following is a list of the performance audits planned for in our 2008–09 Report on Plans and Priorities, including their planned and actual tabling.

Federal performance audits[1]	Included in 2008–09 Plan	Reported in 2008–09
Management of Fees in Selected Departments and Agencies	Spring 2008	May 2008
Support for Overseas Deployments—National Defence	Spring 2008	May 2008
Oversight of Air Transportation Safety—Transport Canada	Spring 2008	May 2008
First Nations Child and Family Services Program—Indian and Northern Affairs Canada	Spring 2008	May 2008
Surveillance of Infectious Diseases—Public Health Agency of Canada	Spring 2008	May 2008
Conservation of Federal Official Residences	Spring 2008	May 2008
Detention and Removal of Individuals—Canada Border Services Agency	Spring 2008	May 2008
Special Examinations of Crown Corporations— An Overview	Spring 2008	May 2008
Governance of Small Federal Entities	Fall 2008	February 2009
Contracting for Professional Services—Public Works and Government Services Canada	Fall 2008	February 2009
Managing Risks to Canada's Plant Resources—Canadian Food Inspection Agency	Fall 2008	February 2009
Managing Information Technology Investments—Canada Revenue Agency	Fall 2008	February 2009
Use of New Human Resource Authorities—Canada Revenue Agency	Fall 2008	February 2009
Managing Identity Information[2]	Fall 2008	February 2009
Economy and Efficiency of Services— Correctional Service Canada	Fall 2008	February 2009
Reporting on Health Indicators—Health Canada	Fall 2008	February 2009
Managing Air Emissions	Fall 2008	February 2009
Managing Severe Weather Warnings—Environment Canada	Fall 2008	February 2009
Managing Environmental Programming—Agriculture and Agri-Food Canada Programs	Fall 2008	February 2009
Annual Report on Sustainable Development Strategies	Fall 2008	February 2009
Annual Report on Environmental Petitions	Fall 2008	February 2009
Interest on Advance Deposits from Corporate Taxpayers—Canada Revenue Agency	Fall 2008	May 2009
National Security :Intelligence and Information Sharing	Status Report 2009	March 2009
The Governor in Council Appointment Process	Status Report 2009	March 2009
Auditing Small and Medium Enterprises—Canada Revenue Agency	Status Report 2009	March 2009

Federal performance audits[1]	Included in 2008–09 Plan	Reported in 2008–09
Treaty Land Entitlement Obligations—Indian and Northern Affairs Canada	Status Report 2009	March 2009
Safety of Drinking Water	Status Report 2009	March 2009
Territorial performance audits[1]	**Included in 2008–09 Plan**	**Reported in 2008–09**
Public Schools and Advanced Education—Yukon Department of Education	January 2009	January 2009
Financial Management Practices—Nunavut Department of Health and Social Services	March 2009	April 2009

[1]Names are based on titles of publication.

[2]This audit report was a joint audit with the Office of the Privacy Commissioner of Canada and therefore was tabled in Parliament separately from other chapters.

Following are performance audits tabled in 2008–09 but not listed in the 2008–09 Report on Plans and Priorities.

Performance audits[1]	Date reported
A Study of Federal Transfers to Provinces and Territories	February 2009
Passport Services—Passport Canada	March 2009
Air Quality Health Index— Health Canada and Environment Canada (Status Report)	March 2009
Territorial performance audits[1]	**Date reported**
Nunavut Housing Corporation	May 2008

[1]Names are based on titles of publication.

List of completed special examinations

Special examination	Statutory deadline	Transmission date
Canada Council for the Arts	29 June 10	26 June 08
Federal Bridge Corporation Limited	25 July 08	25 July 08
Parc Downsview Park Inc.	30 September 08	31 July 08
Pacific Pilotage Authority	21 November 08	21 November 08
Defence Construction (1951) Limited	30 May 08	4 December 08
VIA Rail Canada Inc.	28 May 08	19 December 08
Canada Mortgage and Housing Corporation	31 May 09	21 January 09
Canada Development Investment Corporation	23 February 09	12 February 09